CREDIT

Finan
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IAY,
940

PROTECTING *INVISIBLE* VALUES—NO. 12

FIRE COLLECTS TAX

but U & O *Exempts Earnings from Hazard's Levy*

WHEN fire's steely hand reaches out for tax, it's not "What percent?" or "How much?". Loser may pay *all*. Material damage is but a fraction of loss, for lost also are *invisible* values—earnings, profits, commissions, rents and royalties . . . .

If you hold a note backed by business profit, its current worth sinks when fire taxes your borrower's income. For with property wrecked, machinery jammed and output stopped, there is little hope that bills will be met, charges paid and loans liquidated when due.

Needed by borrowers is Use and Occupancy Insurance—a dependable coverage that strengthens loans against loss after fire. U & O broadens your borrower's protection by paying earnings ordinarily realized but cut off by the occurrence of mishap. Ask the HOME agent more about this supplemental coverage so vital to borrowers and, indirectly, to you. He will be glad to discuss U & O and other forms written by THE HOME to protect *invisible* values.

THE HOME INSURANCE COMPANY

NEW YORK

FIRE—AUTOMOBILE—MARINE and ALLIED LINES OF INSURANCE

CREDIT
and
Financial Management

Contents for May, 1940

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Richard G. Tobin — Editor and Manager
Paul Haase — Associate Editor
Clifford T. Rogers — Advertising Manager

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Balance!

Recently in a public meeting a man in the audience suggested that credit men are too much concerned about balanced budgets. He was, I fear, merely reflecting what I appraise as being an unfortunate line of thought currently fashionable in this and other nations.

The need of sound budget plans has been emphasized and re-emphasized so frequently that to some it may seem to be an old story. It *is* an old story but there has never been a truer story told and, in my opinion, it cannot be repeated too frequently. Credit executives know that there have been no new means developed, nor can there be, that will construct a firm foundation for real recovery, as well as that confidence which is developed by a sound budgetary program.

I believe that the credit executive, even more than the average business man, looks at unbalanced budgets and places the responsibility for them upon the pressure and special privilege groups. Here again the fact that they seek these special privileges at the expense of their fellow citizens is disturbing.

The modern credit executive is anxious and willing to share credit information equitably with his fellow credit men. In association, credit executives lay down the rules, procedure and ethics of this sharing. In practice, a violation of these rules carries with it self-ostracism. No other police force is needed to enforce the rules.

Little wonder that the credit executive, having been trained in an atmosphere of mutual helpfulness, becomes concerned when certain segments of our people seek special advantages and privileges—indifferent to or unconscious of the fact that these special advantages or privileges are additional burdens saddled upon the rest of the people, who are trying to play the game unselfishly, who are looking towards the welfare of the whole rather than the favor of a few.

Henry H. Heimann
Executive Manager, N.A.C.M.

Who Gets the Credit?

Self-Supporting and Tax-Paying or Dependent and Tax-Supported Business?

By Robert S. Henry, Assistant to the President, Association of American Railways, Washington, D. C.

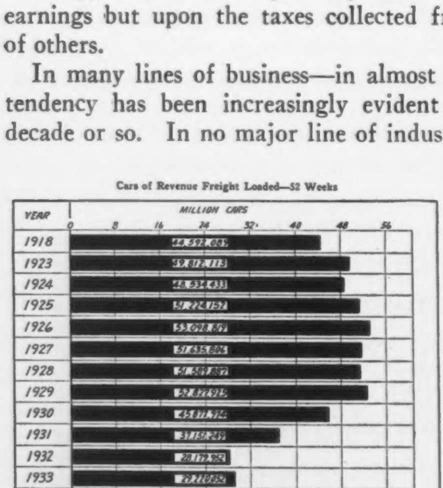
Credit is of two sorts—private credit which depends upon earnings, and public credit which depends upon taxes.

Even public credit, of course, depends finally upon the earning power of business—unless that earning power should finally be so dried up that it could no longer support the tax load. Such a situation as that, should it ever come to pass, would mean taxes laid not upon earnings and the increase of wealth, but upon the property itself—in short, confiscation, the final destroyer of all credit and all progress.

But since public credit does not depend *directly* upon earning power, public expenditures in the field of business are freed of the stern test of economic reality which private business must meet every day—"Will this project or that, this expenditure or that, pay its way?" Because public expenditure and public credit are thus free of this only real test of economic justification, of late years we have seen an increasing proportion of the total wealth and resources of the nation siphoned out of the category of independent, private industry, earning its way and paying its taxes, and into the category of publicly financed industry, in whole or in part dependent not upon its own earnings but upon the taxes collected from the earnings of others.

In many lines of business—in almost all, in fact—this tendency has been increasingly evident during the past decade or so. In no major line of industry, however, has the trend from **independent**, self-supporting, taxpaying private operation to **dependent**, publicly-financed, tax-spending operation gone as far as in the field of transportation.

Cars of Revenue Freight Loaded—52 Weeks

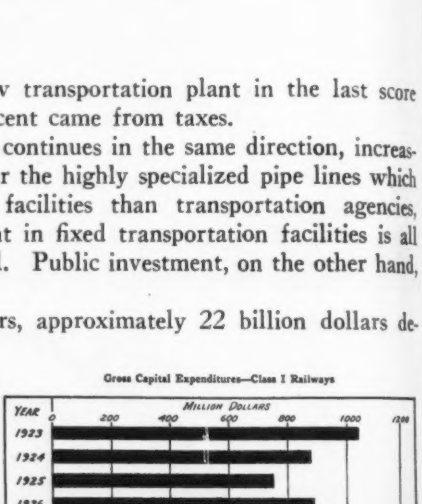


More money has been spent on the fixed transportation plant of the United States in the past 20 years than was spent on our whole railroad system in 110 years. Of the investment in United States railroads, more than 98 per cent was the private funds of private investors. But of the money spent on our new transportation plant in the last score of years, 85 per cent came from taxes.

And the trend continues in the same direction, increasingly. Except for the highly specialized pipe lines which are more plant facilities than transportation agencies, private investment in fixed transportation facilities is all but at a standstill. Public investment, on the other hand, booms.

In twenty years, approximately 22 billion dollars derived from taxation have been spent on roads and streets. Considerably more than another billion dollars have been spent on inland waterway channels—more in the past ten years than in a whole century before. Approximately half a billion dollars of taxes have been spent on airports and airways. Proposals seriously pressed upon Congress contemplate some undetermined huge sum—perhaps eight billion dollars—for a master system of super-highways, another 400 million dollars to be spent next year on more inland waterways, another half billion for additional Federal airports, and so on, apparently without end.

Gross Capital Expenditures—Class I Railways



To the credit man, this means but one thing. The business of transportation is being shifted from the field of private investment and private credit based upon earnings, to the field of public investment and public credit based upon taxes levied upon the earnings of all.

High Investment: Low Turn-over

This shift from a self-supporting, tax-paying transportation industry toward a dependent, tax-spending industry goes a long way to explain some of the unfavorable factors in what might be called a composite "credit statement" of the American railroads. This "statement," if one should be made up for the railroads as a whole, would show a high investment in plant, nearly 27 billion dollars, and a slow "turn-over" of that investment, with

an annual gross revenue of about 4 billion dollars. It would show, too, a high rate of bankruptcy among railroads—although here it should be mentioned that railroads have no monopoly on bankruptcy.

For the first of these conditions, the relatively large investment in plant, the explanation is to be found in the fact that railroad investment represents not merely the vehicles which railroads use—cars and engines—but also the roadway over which these vehicles move. For most other forms of commercial transport, on the other hand, this latter part of the investment, and usually the more important part, is made out of tax monies and supported by the public revenues.

The second of these conditions, the relatively slow turnover, is caused by the nature of the railroad, with a fixed plant geared up to do mass transportation, to handle efficiently a large volume of business. It is the type of plant and operation which is magnificently efficient when worked to, or nearly to, its capacity, but exceedingly costly to keep up and operate for a mere dribble of traffic.

For the current prevalence of bankruptcy, the third unfavorable fact in the hypothetical credit statement of the industry, many causes have been suggested and many remedies prescribed.

Say some, the railroads failed to keep up with progress in the art of transportation—and yet during the fifteen or twenty years that the railroads are supposed to have been "asleep at the switch," they actually revolutionized freight transportation in the United States. They abolished the one-time bugbear of business, recurrent general car shortage. They stepped up the average speed of freight movement by nearly two-thirds, and added even more to its dependability and adequacy. They cut down the operating cost of producing the average ton-mile of transportation service, even while wage rates, prices and taxes increased. The reduction in their rates, as measured by the average revenue received for hauling a ton of freight a mile, is saving shippers a billion and a half dollars a year, as compared with what the cost would have been at the 1921 average level. They added to the speed, comfort and attractiveness of passenger service, while reducing rates. And while doing all this, they so improved their safety as to cut the accident rate to only a small fraction of what it was a quarter of a century ago—a safety record that is one of the modern industrial marvels.

Say others, railroads are run all right but they are over-burdened with capital structures, their ratio of debt is too high. Present capital structures of some individual railroads obviously are more than they can support under present conditions. But the 25-year studies of the Interstate Commerce Commission have shown that the business as a whole has been conservatively capitalized, with less than 19 billion dollars of securities outstanding against a total investment of nearly 27 billion dollars, and a present-day valuation, as determined by the Commission, of 21 billions. The present ratio of debt to investment for the industry as a whole is only 42.9 per cent.

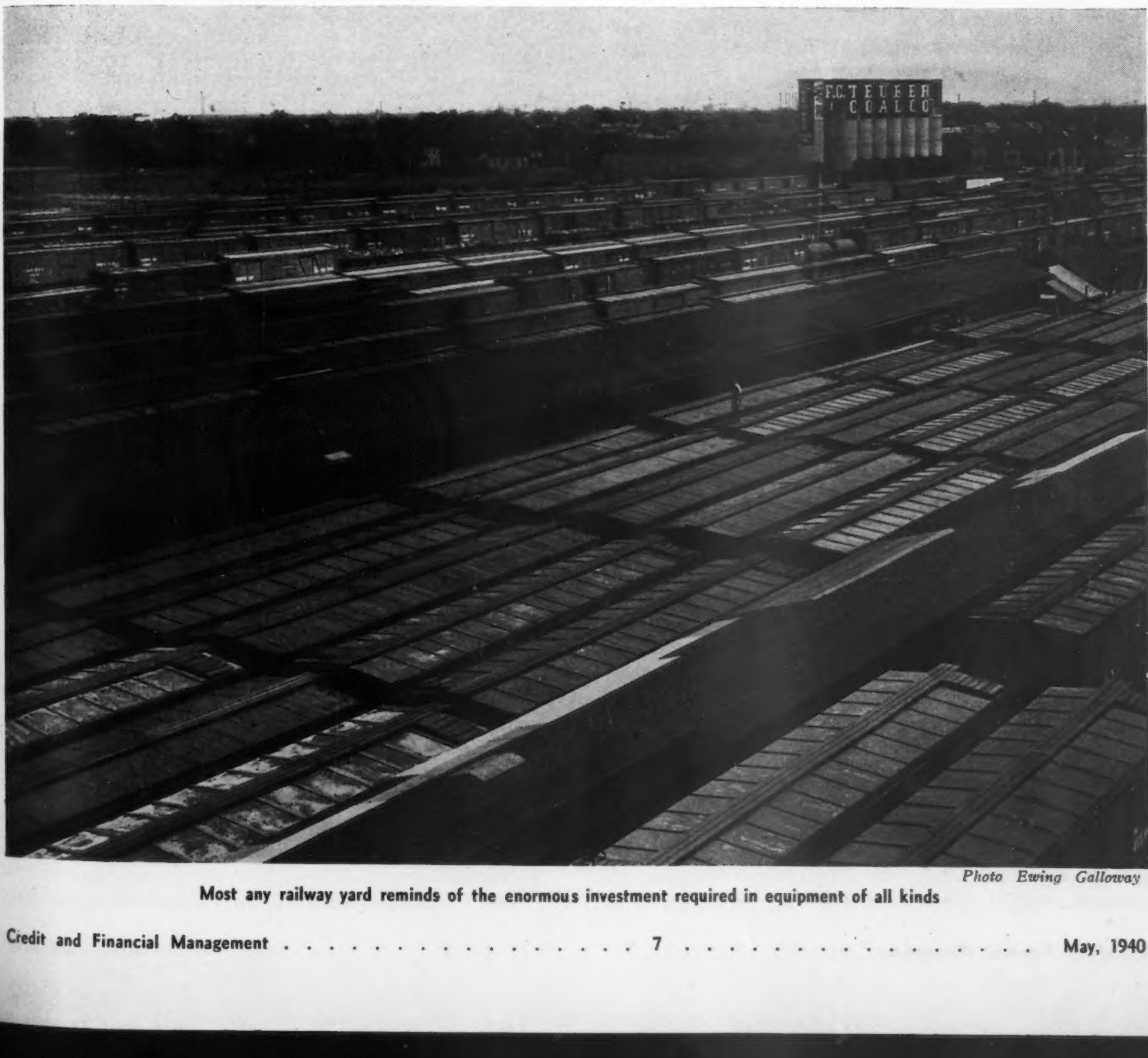


Photo Ewing Galloway

Most any railway yard reminds of the enormous investment required in equipment of all kinds

The even more important thing about these figures as to capitalization and debt ratio is the trend of the past thirty years. Thirty years ago railroads were as prosperous as business in general. In 1910, total capitalization amounted to $987 for each thousand dollars of investment. Now total capitalization amounts to only $715 per thousand. Thirty years ago, when railroads were more prosperous, their funded debt amounted to $606 for each thousand dollars of investment. Today, it amounts to only $429 per thousand. Obviously, then, increasing burdens of capitalization and debt are not the causes of railroad difficulties, for capitalization and debt ratios are not increasing—they are decreasing.

The real reason for railroad difficulties is that railroads take in too small a revenue from too small a volume of traffic—and that, in large part, is due to the fact that railroads, still privately financed and privately operated, still self-supporting and tax-paying, are losing so great a proportion of their potential traffic to other agencies of transportation which, to a large extent, are publicly financed and tax-supported.

Inland waterways—so-called "cheap transportation" built with tax funds at such costs as $350,000 a mile for the New York State Barge Canal, or $140,000 a mile for the Ohio River, $198,000 a mile for the Missouri River, or $225,000 a mile for the Upper Mississippi River, all miles being measured not on any short line distance but as the meandering rivers wind—are provided free of charge for those large and important shippers who are in position to use them for volume traffic.

Airports Provided by Tax Money

Airports, such as the 40 million dollar LaGuardia Airport in New York, are provided practically free of charge for the use of commercial air operators, while the Federal government provides and maintains, without charge, the lighted airways, the radio beams, the emergency landing fields, the special navigation services, which make their operation possible—and then pays more for flying the mail than the total revenues from air mail postage.

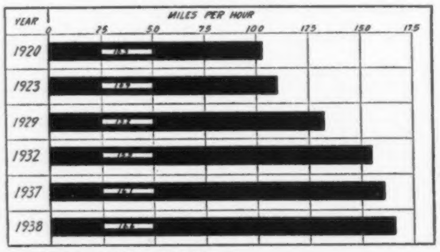
As to highways, there is dispute as to whether the commercial users pay their way or not. Trucking companies say that they do—in fact, they say that they pay more than they should for the use of the highways, while the ordinary automobilists, the home-owners, farmers and other general taxpayers pay less than they should. The question is one which can be answered properly only by a careful study in each state, taking into account not only what commercial highway trucks should pay for the use of the highways but also what they should contribute to the support of the schools, public institutions, and general operations of the government, comparable to the taxes paid by other lines of business and property. Two states—Missouri and Illinois—have made such studies, and both came to the conclusion that commercial trucks on the highways, and especially the larger inter-city freighters, were paying but a fraction of what they should pay. The balance is made up by other taxpayers.

The competition of transportation agencies so strongly supported by the public taxing power has had its obvious and inescapable effect upon railroad traffic, revenues and earnings, and hence upon railroad credit. But important as this is, in and of itself, in any consideration of the general credit structure, the long-range effects of this constant transfer of resources from the tax-paying classification to the tax-spending classification are even more serious.

Called Upon to Support Competitor

At present, this matter of narrowing the tax base upon which all the activities, services and protection of government must rest, may seem to be a matter of concern for the railroads alone. But as a straw which shows the way the wind blows, there is the case of the county in West Virginia which objected vigorously to the abandonment of a branch railroad because they needed the railroad taxes to meet the interest on bonds issued to build the parallel and competing highway. There is the objection expressed in some western states to the proposal that the railroads turn back to the Federal government the remainder of the lands granted in aid of railroad extension. In railroad hands, those lands have been paying taxes for these seventy years or so. If they go back to the government, somebody will have to make up those taxes.

Freight Train Speed
(Miles per Freight Train Hour)



Per cent increase 1938 over 1920—61.3%

There is the case of the county commissioner in Pittsburgh who, in answer to criticism by airline companies that the snow was not removed promptly enough from the public airport, proposed to save the public a thousand dollars a day by letting the airlines which used the airport keep it up. The railroads serving Pittsburgh, he pointed out, removed the same snow from their own tracks without calling on the county.

Although this business of government financing and wholly or partly supporting business in competition with its own tax-paying citizens has been going on longer, is more widely accepted, and has been carried farther in the transportation field than elsewhere, it is not unknown in other lines of business. There is one not unimportant state of the Union where private capital no longer engages in the general electric power business and where, incidentally, the problem of replacing tax revenues lost thereby is rising to plague state and local governments.

The Broader Consideration

The whole subject is one that cries for consideration on a broad basis. Most of the consideration which it has received so far from organizations of business men has been from the point of view of individual or local advantage—how much more can we get "the government" to spend for us? Maybe they wanted to get "cheap transportation," so-called because the major part of the true cost is concealed in the tax burden. Maybe they had no further idea than to have a lot of "government money" spent in their vicinity, with the idea that a judiciously extended tin cup could catch some of the drippings, but in any case the beautiful inconsistency of crying aloud with one breath for tax reduction and budget balancing in general, and crying with the next for more tax-spending in particular, seems to have escaped their observation.

Some things government should (*Continued on page* 30)

Interpreting Financial Statements

A Banker Gives His Views on Credit

By Thomas F. Regan, Vice-President, The National Bank of Commerce, New Orleans, La.

A financial statement is the most important single source of credit information available to the banker of today, and to this I would add that a financial statement is only so good as the one who prepares and signs it and that all financial statements, whether prepared by the borrower's own bookkeeper or by the most important accounting firm in America, are subject to inquiry, scrutiny and close inspection.

As an offset, allow me to say that I have not lost confidence in the reports of reputable C.P.A.'s, but I have come to realize that generally speaking, the scope of their work is limited to the extent of their engagement and that the accountant cannot presume to trespass upon the territory not assigned to him, cannot afford to do work for which he has not been engaged and for which he will not be paid, and of course, the accountant cannot violate the ethics of his profession by reporting direct to the banker, who in the final analysis is the ultimate consumer of the accountant's product, without the consent of his principal. Therefore, I have sympathy with his problems, appreciate his professional restrictions, and for these reasons, I am always on the alert for annual statements which are window-dressed at the end of the fiscal year so as to impress credit granters and delude stockholders.

Nevertheless, I maintain that every dishonest statement—like murder—will out.

I think that intensive analysis and complete comparison of an audited statement and the operating figures will enable the student of credits to detect flaws in an untrue statement which would not be discernible to the ordinary recipient of a financial report.

Yearly Comparisons Valuable

In setting down periodic statements for comparison, it is common practice, today, especially in larger banks, to use an analysis sheet, so that the figures of successive statements may be more easily reviewed and studied and compared. The use of such comparison forms has resulted in two main divisions of the assets and three main divisions of the liabilities.

Assets are divided as between those assets that are judged to be current assets and those that are determined to be non-current assets.

Liabilities are divided into current liabilities—i.e., all liabilities due within a year; deferred liabilities, i.e., all deposits, debentures and secured or mortgage obligations due after twelve months; and, then, net worth, i.e., capital, surplus and undivided profits.

The current assets are—as a general rule—made up—as you know—of:

Cash.
Current accounts receivable of customers.
Current notes receivable and trade acceptances.
Merchandise inventory—less proper depreciation for shopworn, dated and obsolete goods.
Government bonds, and, sometimes, listed stocks and bonds and cash surrender value life insurance.

The current liabilities are those obligations due and payable within one year of statement date.

They consist generally of:
Notes payable to banks and others.
Accounts and notes payable for merchandise.
Deposits of officers and stockholders.
Reserves for taxes and accruals.
Mortgage or bond instalments due within twelve months.

Information as to the current assets is not always sufficient. A good auditor's report would show cash on hand and in banks, giving the amounts in banks as certified to by an official of the banks. Receivables should be separated as to accounts receivable and notes receivable, current and past due. In addition to having statistics as to the age of accounts receivable, it is also important to ascertain if there are 100 or 1,000 accounts, and to have a list of the principal ones, so as to determine, if desirable, the collectibility of these receivables.

Notes Receivable May Be Doubted

Needless to say that notes receivable taken for past due accounts and notes receivable that have been renewed have no place in current assets. Accountants who conspire with the management in this connection, in order to produce a better current ratio, should be subjected to criticism.

Bankers would like to have inventories taken and computed, under the supervision at least, of public accountants, but the most we may expect for the present is that the accountant review the figures so as to satisfy himself that inventory was taken at cost or market, whichever was lower, and that dated and unsalable merchandise has been properly marked down.

It is safe to say that before the inauguration of the Securities Exchange Commission and prior to the expose of certain corporations in Bridgeport, Connecticut, in New York City and in Houston, Texas, few public ac-

countants checked both quantities and prices of inventories. Some checked prices but did not check quantities, but the great majority of accountants accepted the statements of managements with respect to inventory values and qualified their certificates accordingly.

The certified public accountant's investigation falls into three chief divisions:

1. Confirmation of quantities and ownership—including description of goods as to quality and condition.
2. Verification of the bases of pricing.
3. Tests of arithmetical accuracy.

It is our observation that considerable progress has been made by C.P.A.'s in their checkings and confirmation of inventory valuations, with less tendency to rely wholly upon the certificates or statements—oral or written—of the managements of businesses in process of being audited.

The theory has long existed that a good credit statement should produce $2.00 of current assets for each $1.00 of current liabilities. That is, the total of the current assets should be at least twice the aggregate of current liabilities. This is a credit theory that has been handed down to us and was probably based on the feeling that if a company had twice as much in quickly realizable assets as it had obligations maturing within twelve months, a safe marginal spread existed, and that, therefore, the creditors were well protected.

This is a reasonable premise, just as is the so-called acid test which measures the liquidity of a statement by adding cash to current receivables and expecting the total to equal current debts. This would leave the merchandise inventory as the margin of safety.

Only Starting Points

We think that both the current ratio of 2-to-1 and the acid test ratio of 1-to-1 are good starting points in connection with the interpretation of financial statements, though, of course, they do not always give the correct answer, because in the first place, the acid test ratio would not apply to a cash-and-carry business nor to a chain of five-and-ten-cent stores that had no accounts receivable. Neither would it be fair to the borrower, and you would probably lose good loans, if you insisted upon a two-for-one ratio in a business having rapid turnovers of receivables and inventory, such as pertain to produce merchants and dealers in packing house products.

Conversely, the 2-for-1 current ratio and the 1-to-1 acid test ratio may be misleading in connection with statement of an instalment business or a heavy machinery house where receivables in the one instance and the inventory in the other have slow turnovers. An instalment furniture house, making many sales with no down-payments and giving terms from twelve months to two years, would have such an inflation in receivables occasioned by both the high rate of mark-up and the addition of carrying charges as to make even a three-to-one current ratio sometimes unsatisfactory, and, of course, such a statement would easily show twice as much in cash and receivables as all debts.

The current ratio of 2-to-1 and the 1-to-1 acid test ratio are good standards for judging the financial statement of a commercial borrower, but there are other factors that must be considered. For instance, it is important to measure the percentage of capital that has been invested in fixed assets. This is the ratio of fixed assets to net worth. A disproportionate investment of capital in fixed assets will not only weaken the working capital position of a company if unencumbered, but will also create a top-heavy debt position if the plant should be mortgaged to provide working funds.

The desired proportions of fixed assets to net worth vary with different types of business and with the amount of capital employed. For instance, a department store may have as much as 50% of its net worth in its building, but a wholesale grocer would not, by the averages, have more than 25% of his capital in fixed assets. By the same token, a paper mill may have as much as 80% of its net worth in plant investment, whereas dress manufacturers keep down their percentage.

Fixed Assets Need Watching

A study of composite figures on the subject suggests the need for caution when a comparatively small company invests two-thirds of its tangible net worth in fixed assets and that larger corporations require close checking when their ratio of fixed assets to net worth exceeds 1.33⅓.

Fixed assets, as you know, consist of plant account, including land, building, machinery and equipment. Sometimes plants are built on leased land and it is always important to ascertain the amount of land owned and the cost of it. A write-up of real estate or a profit made from the sale by promoters of a business to the corporation itself might easily inflate the net worth—either through issuance of capital stock or setting up of a capital surplus—either of which moves could prove quite deceptive to the unwary credit man and investor.

Other non-current assets would be:

Past due receivables.

Amounts due from officers and employees.

Amounts due from subsidiary and related companies.

Amounts invested in subsidiary and affiliated companies.

The fictitious or intangible assets often consist of:

Good will.

Patents and formulas.

Franchises.

Prepaid expenses.

Treasury stock.

Liabilities are generally segregated as follows:

1. Current liabilities, which consist of all debts due within one year—including instalment payments on mortgage or other deferred obligations.
2. Deferred debt, consisting of mortgage, debenture or deposits of stockholders due after twelve months.

Deposits of stockholders are sometimes listed by the accountant as a deferred obligation, even though a long-term subordinated note may not have been given to the stockholder.

I have a very strong feeling on the subject of deferred deposits, unsecured debentures and other instruments that are not definitely subordinated, and when analyzing a statement, I would suggest remembering that unless subordinated, such deposits and debentures are a definite threat to the position of current trade and bank creditors.

Check Contingent Liabilities

Accountants should always show the amount of contingent liabilities of a company, whether the contingent liability be in the form of accounts or notes receivable discounted, liability on letter of credit or guarantee of the obligations of other corporations. Moreover, assets that

Courtesy Ontario Provincial Dept. of Highways

View of Welland Canal at Port Weller, which will be seen on way to Toronto Credit Congress

are assigned or pledged to protect liabilities direct as well as contingent should be earmarked for the information and guidance of creditors.

It is quite customary for audited reports to indicate which assets are pledged or discounted, but it is rarely that assets expected to be set aside or held in trust for the protection of letter of credit liability are so indicated on the balance sheet.

Of course, all statements are either audited or unaudited. If unaudited much dependence must be placed upon the integrity of management and the plausibility of the verbal information given at the time statement is submitted. It is desirable, however, that all statements be sent by mail, because then those issuing, signing or sending statements would be more particular in supplying precise information.

Audited statements should be signed by the auditor as well as by an official of the debtor company.

The auditor's certificate should be scrutinized, so that you may determine the extent of his work, so as to decide for yourself whether there has been a complete audit of the books, an audit of the balance sheet, or whether the figures represent a mere transcript of the books.

In my opinion, a statement prepared on the sheets of an auditing firm and signed by a public accountant or a certified public accountant, which is a mere transcript of the books, is not only a reflection upon one's intelligence, but is often misleading to the uninitiated credit man who may not have had experience with such statements and may find them wanting in many essential respects. My opinion of such statements would be the same as that of the taxi driver who had spent a year or so at law school, and when asked for his reaction to a recent Jackson Day speech, said it was "irrelevant, immaterial and irregardless."

I remember one such statement prepared by a certified public accountant which included in current assets the notes receivable of the president, secured by stock in the company. So be certain the auditor's report is what you expect it to be. After all, what good is it to have a 2-for-1 ratio, with current liabilities not exceeding working capital, and total debts not more than 1½ times working capital, if the assets protecting your loans are really not worth face value and if they cannot be realized upon in the desired proportions.

Look for Incongruities

Quite recently, we had an amusing though serious experience with a small wholesaler who brought in his statement prepared by a C.P.A. and purporting by its certificate to be an audited report. We had thought that this customer did all his business with our bank, but there were two items that called for explanation. Under heading of cash, the auditor stated that certificates as to balance in *banks* were had from the banks—indicating more than one bank. Then, the statement showed more bank loans than were due to our bank at statement date. When we telephoned the auditor, who was most anxious to explain the statement, he volunteered more information than we had expected. The upshot of it was that we found this customer to have liabilities to the trade and to another bank that were not shown in the so-called auditor's report.

This was a simple case, but it emphasizes the need for scrutiny and for taking nothing for granted—merely because an auditor signs the report. If you look for flies, you will sometimes find them in the ointment.

Summarizing statement analysis, I would suggest the following:

In the first place, endeavor to make certain that the assets are worth their stated value and that all liabilities are shown.

Second, strive to have customers maintain satisfactorily current positions in accordance with the accepted 2-to-1 ratio—more or less—depending upon the class of business.

Third. Try to limit bank loans to 100% of net current assets, i.e., keep bank loans equal to working capital, which is the net figure gotten by deducting current liabilities from current assets.

Fourth, watch out for the company the working capital of which is provided by debentures or funded debt, especially if the total liabilities are more than 1½ times working capital. Corporations having funded debts, which in the final analysis really means insufficient stockholder money, are the ones that founder, because they have too many sails and no anchor.

Fifth. Be on the alert for the statements of those companies that show strong working capital position and acceptable current ratios—made possible by the sale of long-term, unsecured, unsubordinated obligations. Inquire as to the indenture requirements covering these debentures. Often, you will discover clauses that give these debentures equal rank with you in liquidation, in times of stress—especially if working capital has been reduced through losses. Moreover, these long-term notes—when not subordinated in favor of banking indebtedness—can often prevent a bank from obtaining collateral unless like security is given to the debenture-holder, and suits for receivership and recording of judgments and liens often accelerate the maturity of these notes to the confusion and jeopardy of the current creditors.

Sixth. Endeavor to protect (*Cont. on page* 20)

Touring to Toronto?

Newspaper Writer Tells of Places of Interest "En Route"

By W. J. Jeffers, Globe & Mail, Toronto

We Canadians really believe that the credit men who come to Toronto for the 45th annual Credit Congress of the National Association of Credit Men and the annual meeting of the Canadian Credit Men's Trust Association from May 19th to May 23rd and others who visit Canada in May will be the vanguard of the greatest tourist army Canada has yet entertained.

Ontario is girding up her loins to "do herself proud" in that expectation and though the chief entertainment reliance is on the thousands of lakes and rivers and islands, the great forests, the net-work of excellent highways which make "the wilderness which is Paradise enow" more accessible than it is in most "last frontier" lands patronized by the holidayer, there are at least some three million inhabitants of this province who will be glad of an opportunity to help a good thing along.

Most Canadians are practical persons. We feel we have a banquet of beauty in the combinations of land and water and forest, of high and low elevations, of varied climates which geological forces through millions of years have been preparing and which now lies spread for whomsoever will come and partake. There is too much of it for our eleven million people and our cardinal ambition is that the people of the United States will come to think of our country as did the late Lord Tweedsmuir, the Governor General whose life came to such a sudden end in February, when recently he set down his conviction "that Canada is not only the natural playground of North America, but the best playground in the world."

Canada Has Wide Offering

Credit men, who are further from being ninnies than most sons of Adam, will at once see that this banquet is not free, that it costs some money at least to travel and that the desire of Canadians to have Americans visit their land in hundreds of thousands or in millions every year has its roots in self-interest. They are used to having pamphlets and descriptive literature from every vacation land on Earth at some time or another come through the mails to their doors and they know how to find their way through the maze of superlative adjectives to the meat of what each land has to offer and what the "meat" will cost.

It is quite true: our pleasure at welcoming in Ontario Americans who speak our language, have largely the same ideals as to personal liberty and the decent ways to pursue happiness and who belong to a nation which for 100 years has worked out in friendship with us peaceful and workable solutions for problems which usually embroil nations in war on other continents, is not made any the less because it is a profitable relationship. The hotelkeepers and their staffs, the tourist homes, those who rent cottages and bungalows and boats, the railway, steamship and air lines, the guides for hunting and fishing and canoeing parties, the boys and girls camps, the guests who want fellow guests to make things hum, the caterers, the restaurants, the makers of bread, the farmers with vegetables and dairy produce and animals to sell the merchants, the outfitters and hundreds of others have special private reasons besides those of friendship and the desire for congenial companionship to hope Americans come and keep on coming in numbers.

Trend to Canada Grows

It is not merely a hope. We know you will. You have been doing it for decades and doing it more and more. There are peaks and valleys in the movement but the long trend is always up. So I put it to credit men who have not been to Canada before, is there anything phony or ephemeral in a tourist movement which has mounted to such an extent that 4,212,816 cars were counted crossing our borders into Canada in 1939 and returning after intervals lasting from a few hours to six months. Of that number 2,701,780 cars crossed into Ontario and of the people in those cars—many of them returning year after year—surely two million Americans could not be wrong. We believe that there are millions of satisfied customers who have tasted our waters and fish and venison and wild fowl, who have swum and sailed and paddled and golfed and rode and flown and played tennis and rested or have skied and snow-shoed and skated and tobogganed in a sterner season.

We were a trifle worried, it must be admitted, when statistics showed that 90,000 less cars came across into Ontario in 1939 than did in 1938. That number may seem trifling among so many but the falling off occurred in September, October, November and December after Canada declared war on Germany. We do believe that the type of militant totalitarianism which for the time being has the people of some great nations by the throat—and by the mind too—is a menace to the world at large, to peaceful life everywhere, to business institutions, to democratic institutions. But we don't want to lose any of our old friends over it. We do not think a war should come between friends and we do not think this one will. We are in it for all we are worth but a visitor might

travel thousands of miles without having that fact brought forcibly to his attention.

Your Money Buys More

When the credit men come to their convention they will find that their good United States money will be accepted without question in every part of Toronto and Ontario and it will buy $1.10 worth of Canadian money at any place until the Bank of Canada desides to change the rate of exchange which it has preserved ever since the war began. They will find the usual formalities at the border no more onerous and difficult than in other years; they will find the provincial traffic police ready to assist them with information or in any other way within their power; and they will find both Dominion and provincial authorities determined to make their weights felt on any individuals who make unreasonable charges or who otherwise fail in their duties to the nation's "paying guests."

Courtesy Toronto Tourists and Convention Assn.

"Casa Loma," a French Chateau Transplanted to Toronto, Ont.

Of course, Ontario people are as justly proud of frontage of their province on all the Great lakes except Michigan and on the St. Lawrence river as are the bordering states of Michigan, Wisconsin, Illinois, Ohio, Pennsylvania and New York on the South. We are making a beginning at pioneering the attractions and the resources of the lands on our ocean coast line to the North at James Bay and Hudson Bay as well. But for the most part it is what lies between these great lakes and the great bays which attracts tourists to Ontario today.

If those who come North by car to the May convention feel as I do when I go South their entry to Canada will be cheered by at least one of the seven great international bridges which span the dividing waters between the two countries. Some will come by the Roosevelt bridge to Cornwall and then West to Toronto, some will cross by the Thousand Islands bridge at Kingston, some by the Peace bridge connecting Buffalo and Fort Erie or by the Lower Arch bridge between the two towns facing each other at Niagara Falls or by the bridge connecting Lewiston, N. Y. with Queenston, Ont., by the Ambassador bridge at Detroit-Windsor or by the Blue Water Highway bridge at Port Huron-Sarnia. These structures —the work of both countries—speak a language of welcome to travelers both ways which there is no mistaking.

What Will Guests See?

What should the convention guests look for, when they get to Toronto, in their spare hours? The convention of the credit men will be held in the largest hotel in the British Empire. Opposite it is the Union station which is used by two of the great railroad systems of the Earth: the privately owned Canadian Pacific Railway; and the Government-owned Canadian National Railway System. Their light will be provided by the Ontario Hydro-Electric System, which is built and owned and operated in an amazing partnership by province and municipalities through a Commission and which is one of the world's largest public ownership power enterprises. The street railway is an excellent surface system with modern cars and buses, all owned and operated for the city by a Transportation commission. The water they use will come from far out in Lake Ontario through a city system but they will talk to Toronto friends with the corporate help of the Bell Telephone Company.

The city is well-governed, the taxes and debt well within the power of citizens to handle. On Bay and King and Yonge streets especially, as well as on University Avenue, visitors from the land of tall buildings will find that, in a country of comparatively small population, the chief Ontario cities are keeping up the American standard. The Canadian Bank of Commerce head office building, for instance, is the tallest in the British Empire and the Royal Bank office building nearby the next highest. The Toronto Stock Exchange is not the largest but the claim is that it has the most modern and best equipped stock exchange in the world and certainly over years it sells the largest total of mining shares. There are fine Parliament, University Hospital and other buildings, and fine residences generously spaced in many areas according to the ideas of generation not cramped for space.

Two rivers, the Humber and the Don, flow through the city to the lake, great ravines to the North and East lend beauty and surprises to motor trips. The harbor, partly natural and partly made, is a splendid one, already dressed and ready for whatever ocean traffic as well as lake traffic may develop if the St. Lawrence Waterways should some day become an accomplished fact. Arching out from the water-front into the lake are a series of connected sandy islands carpeted in green, laced by lagoons and crowned by tall trees. Between these and the city lies Toronto Bay. The islands make a Summer resort, park and playground right at the city's door within 15 minutes of smoke of factory chimneys and of office desk and accessible by ferries constantly running. Hundreds of sails make the lake and bay beautiful on holidays and lake vessels continually ply into and out of the harbor.

Excellent Fishing Offered

May is blossoming and leafing time in Canada; June is the great burgeoning month; July and August the supreme months for mature beauty and holidaying by lake and hill and stream; September a month of glorious and

restful serenity, October and November grand, zestful hunting months; December, January, February and March the hey-dey of skating, skiing and Winter sports. April is an in-between month and May the grand entree to Summer. Within three or four hours' drive of Toronto convention guests can get in May exceptionally good fishing for lake trout and practically all food fishes but bass and muskallonge.

The good roads radiate from Toronto in every direction and literally there is not one which does not lead to many vacation and holidaying areas with special attractions of their own. Suppose a motorist makes a trip North from Toronto 221 miles to see the quintuplets at Callander like four thousand do every Summer day and as smaller numbers do during the Spring and Fall months. After 30 miles he will find himself lured to right and to left by roads leading to the many Summer resort areas of the Kawartha Lakes, to Lake Simcoe wide expanse, to the chain of lakes and rivers in the famed Muskoka region, the Parry Sound district, the Magnetawan country, to hundreds of lakes like pearls in between or to the 30,000 islands and the bays and reaches of Georgian Bay. A book could be written alone on Manitoulin Island, the largest fresh-water island in the world, on the thousands of lakes further North, on the great mining country for hundreds of miles North of North Bay and the great timbered country running still further back for hundreds of miles to the James and Hudson Bays.

Go to Kingston or Ottawa and there rays out a similar bewildering variety of choice, to mention only the Thousand Islands in the St. Lawrence, the quiet beauty of the Rideau river, lakes and canal, the 300 miles stretch of driving beside the Ottawa in all its moods from majestic calm to turbulence and fury. There are the byways as well as the highways, the quiet spots which bring the same lovers of natural beauty year by year as well as those with the more garish appeal.

Toronto in Indian Lore

It may interest convention visitors to know that Toronto was of continental fame as a gathering place for wandering Indian tribes for at least 1,000 years before Christopher Columbus discovered America. They came by foot and canoe from as many different directions as today's visitors come and because nature has fixed the Great Lakes where they are and sculptured Ontario on its present lines, they had to come by routes not very different from those followed by the main trunk roads today. Then two centuries ago English and Dutch traders from what were then the New England colonies came up to compete with bearded swordsmen and coureur des bois of the French King for the valuable fur trade. This land of Ontario was thickly covered with forests right to the edge of the Lake and the Indians were plentiful here as they were wherever game and fish were abundant. It meant a lot to get their friendship but the taking of Quebec eventually weighted the scales in favor of the New Englanders. The same lakes and wild life and part of the forests now "call" to the tourists.

From the United States came many settlers eventually as well as officials from England. The American Revolution sent many thousands of pioneers who had already carved out homes in the Eastern half of the United States but who started again because they preferred the old flag. They did not break entirely with their old friends and relatives left behind and the commercial and friendly relations have grown more intimate through the years. Being the same kind of people much the same success in agriculture and industry has come here as there.

Big Provincial Park

There are three provincial parks, Rondeau on Lake Erie, much patronized by Americans but with only several square miles of forest and game preserve; Algonquin with 2,740 square miles of lake, river and forest of extraordinary diversity and attractiveness; and Quetico of 1,500 square miles dotted with lakes and crossed with many streams easy of access to Minnesota and Michigan and Illinois people. Then there are vast forest reserves such as the Timagami, the Mississauga and the Nipigon and they are a continuous challenge to the vigorous and adventurous.

The game fish are salmon, muskallonge, trout, sturgeon, pike, pickerel, white fish and bass mainly, while the hunters seek either wild fowl like ducks and wild geese and partridge and pheasants or bigger game like moose, deer, bear and wolves. The trappers go after beaver, muskrats, mink, otter, foxes, rabbits, lynx and many other fur-bearing animals.

A study of the industries and resources can best be started at the Canadian National Exhibition which meets for two weeks every year when August and September meet. It is international in its scope and has the world's record for continuous success and growth. It is in an urban area (Greater Toronto) of nearly one million people, in a province of 3,750,000 people occupying 365,000 square miles. It has a background of ten times that area in Canada as a whole and of 11 million people, with most male adults and many women trying to turn those resources into products worth buying and selling and some of them worthy of exhibition.

To sum up, those who come here will always be welcome. They will find no irksome wartime restrictions which will affect their income or their comfort. In Ontario there is no local sales tax, no meals tax and no amusements tax. The Imperial gallon is one fifth larger than the American gallon, a fact to remember when paying for gasoline.

Millions from Tourists

The tourist business brings in different years from \$200 to \$300 millions to Canada and nearly two thirds of it comes to Ontario. Motorists alone last year spent \$174 millions in Canada, it was estimated and \$108 millions of that in Ontario. Canadians spend more in proportion to their population in the United States but on totals there is a good balance in Canada's favor. The United States money left here is spent back in the United States, stimulating business there and on all transactions between the two countries the favorable balance is on the side of the United States. We will always be big buyers in the United States and our growing tourist trade will make that more than ever so. The hundreds of United States branch factories in this province add yearly to their number. It has been profitable business and so has been the investments in mining stocks as tens of millions of dollars in dividends Southward bound have proved in the last two decades.

Does Easier Credit Boost Profits?

Analysis of Oft Proposed Plan to "Loosen" Credit

By Edwin A. Zilmer, Credit Manager, Hinson Mfg. Co., Waterloo, Ia.

A credit man recently inquired whether extra profit might not be made if credit men would take more chances in the granting of credit. He stated there are manufacturers in many fields who do a very good volume of business by selling to firms whose credit is not of the best, and to whom many other manufacturers will not sell.

Since this no doubt would be of interest to the credit fraternity, it might not be amiss to examine the matter in the light of experience. If any of us are passing up something good, it will be to our advantage to do something about it.

Now what is credit? Webster says: "to believe; trust, have confidence in; the time allowed for the payment of goods; financial standing." Would it not follow, therefore, that "easier" credit would be a tendency on the part of the credit man to believe in not quite so implicitly; trust not quite so far; not have quite the confidence in, and allow a little more time for payment of the bill? We will assume this is so.

It is a truism that selling on credit is always "taking a chance." The chance may be great or it may be small, but it is still a "chance." Furthermore, no profit has been made on a sale until the money is in the bank. The difference between credit and "easier credit" is therefore merely in the degree of chance one wishes to take. And the degree of chance credit men take is what distinguishes between those who are strict and those who are lenient.

Are We Too Strict

We all admit it is difficult for any credit man to determine definitely whether he is too strict or too lenient. If he is too strict, he hears from the sales department; if he is not strict enough, he hears from the management. (Usually he hears plenty from both.) However, there should be some way for each of us to determine whether we should be more strict or more lenient.

One fact which every credit man will admit is that there are many "border-line" cases in which it is very difficult to decide "shall I take a chance on this one, or shall I turn it down?" If one consistently rejects this kind of business, it would be reasonable to assume that one is too strict. If one consistently accepts this kind of business, one might be inclined to think he is being too lenient. But the difficult part to decide is just where to draw the line—which order to make C. O. D. and which to ship open account. The credit man who can always solve that problem correctly could expect to have his salary doubled.

In a business which has been operating a number of years the previous percentage of bad accounts will be a criterion in the degree only to which the decisions of the credit man measure up to what we might call standard—that is, not too strict; not too lenient. Of course, that percentage may give a general idea, but it will be biased in the degree that the credit man leans from standard. Furthermore, the class of trade to which the firm sells has a lot of bearing on what the credit losses normally should be. For instance, our firm sells a large proportion of its output to several of the leading car manufacturers. Our bad debt ratio on total sales should therefore rightfully be considerably less than that of another manufacturer who may make the same products but may be selling them to other outlets.

Record of Business Turned Down

Since it is not possible for me to give the experience of other firms, I will have to limit myself to those of the firm of which I am credit manager. The letter "I" may therefore be used somewhat—of necessity and not of design.

It has been my policy to keep a record of the amount of business turned down, as well as to record the amount of bad debts. The reason for this is because it seems to me that a relatively high percentage of business declined with a relatively low percentage of bad debts would on the face of it brand me as too strict; whereas a relatively low percentage of business turned down and a relatively high percentage of bad debts would lead me to believe I had accepted too many of the border-line orders, or had been lax in my collection methods. More of a balance between orders turned down and bad debts would be ideal. As few as possible orders declined and comparatively small bad debts should be our aim at all times.

Now for a few statistics, but not enough to be tiresome: In 1939 our business was about 50% from the automobile manufacturers referred to, so, although there is always *some* risk, we will eliminate this factory business from our calculations in order to get a theoretical basis from which to work. Orders turned down amounted to about \$8.00 per \$1000 of business accepted. Bad accounts amounted to about \$1.82 per \$1000 of business accepted. However, that does not tell the whole story about the slow-pays.

For instance, during the year it was necessary to follow up almost 1000 accounts which became past due. (This figure may include some which had past due balances several times during year.) We used a systematic follow-up, every ten days until paid, or until ten letters had been written, after which the accounts went to a collection agency for handling. Form letters were the medium used, inasmuch as they can be refined and revised to the point where they do not hurt the feelings of a customer (not very often anyway), whereas that many personally dictated letters might include a number conveying sarcasm or otherwise poorly composed.

34.4% On First Letter

These approximately 1000 letters, number one, the beginning of the collection follow-up, collected 34.4% of the number of accounts on which collection follow-up first became necessary. The second letter, therefore, was necessary for only a few over 600 accounts. Letter number two brought in 33.0% of those, so that letter number three was sent to only a few over 400. Letter number three brought 35.3% of the accounts then unpaid, and so on, until after final letter (number ten) there were only 25 accounts, or about 2½%, to go to the collection agency. Of course, settlements were received, in full or in part, from some of the 25.

The statistics just recited were merely for the purpose of giving a picture of the procedure followed, and to lead up to the proof that easy credit does not bring additional profit as a matter of course. The same follow-up was used in previous years, although the revising and refining of the form letters goes on constantly. Yet in two years during the depression, it was decided we would be a little more "liberal" as regards credit, to try to increase our business and incidentally our profits.

During those two years, while business was less than either before or since, we "took a chance" on more of the border-line accounts, although we tried not to go beyond reason. The consequence was that our bad accounts mounted to an average of $6.47 per $1000 of net sales, compared with the $1.82 previously mentioned. That is just a trifle more than 3½ times the average for ten years, with those two years excluded. Therefore, it might be considered indicative of what more loose credit will do. However, since the sales were less during those two years, we will be a little more liberal and use 300% as the basis of comparison.

The Arithmetic of the Problem

To have a starting point let us concede that a 5% manufacturing profit on net sales is a fair return. Let us also concede that a credit loss of 1% on net sales would be reasonable. On net sales of $1,000,000, therefore, we would have a manufacturing profit of $50,000 subject to 1% bad debts of $10,000, or a net profit of $40,000. Suppose, then, by being a trifle more liberal in accepting orders we could run our net sales up 15% to $1,150,000. Concede that this would theoretically raise our percent of profit to 6% (which is somewhat doubtful). The gross profit would then be $69,000 while the bad debts, increasing to three times normal of 1%, would amount to $34,500. This would reduce our profit to $34,500. Furthermore, considering the fact that the bad debt losses on the original $1,000 of sales would remain at 1%, it would increase the percentage of bad debts on the $150,000 to 16⅓%. And as our selling prices do not give us any such markup, you can see why we don't consider extending credit where we figure we might lost one-sixth of the amount as bad debts.

In addition, the entire $150,000 increase in business would be of the slow-pay class, so that it would be logical to assume borrowing would have to be resorted to for the entire increase. Suppose the money is borrowed for 60 days (and all of these slow-pays would unquestionably take at least 60 days to pay), at 4% the interest would amount to $1000, thus reducing the net profit to $33,500. Also a 15% increase in business, all of it from slow-pay firms, would almost certainly make necessary the hiring of more help for the credit department which is now geared to a maximum of 10% of the accounts running past due. That would reduce the potential profit still further.

What Makes "Slow-Payers"?

Now we come to a further important point. What makes firms slow-pay? There are many reasons—almost as many as there are accounts. However, there are several standard reasons—such as over-buying, with consequent oversize inventory; laxness in collecting, with consequent oversize accounts receivable; expenses not in proper relation to sales, with consequent draining of liquid capital; selling on too low a margin; doing too much business for the amount of capital invested. All of these are very serious for the operator of the business, although he may be the last one to admit it or even know it.

Here is the statement of a man who started in business enthusiastically with $5000 cash, part of which may have been borrowed. In spite of this his statement will read thus:

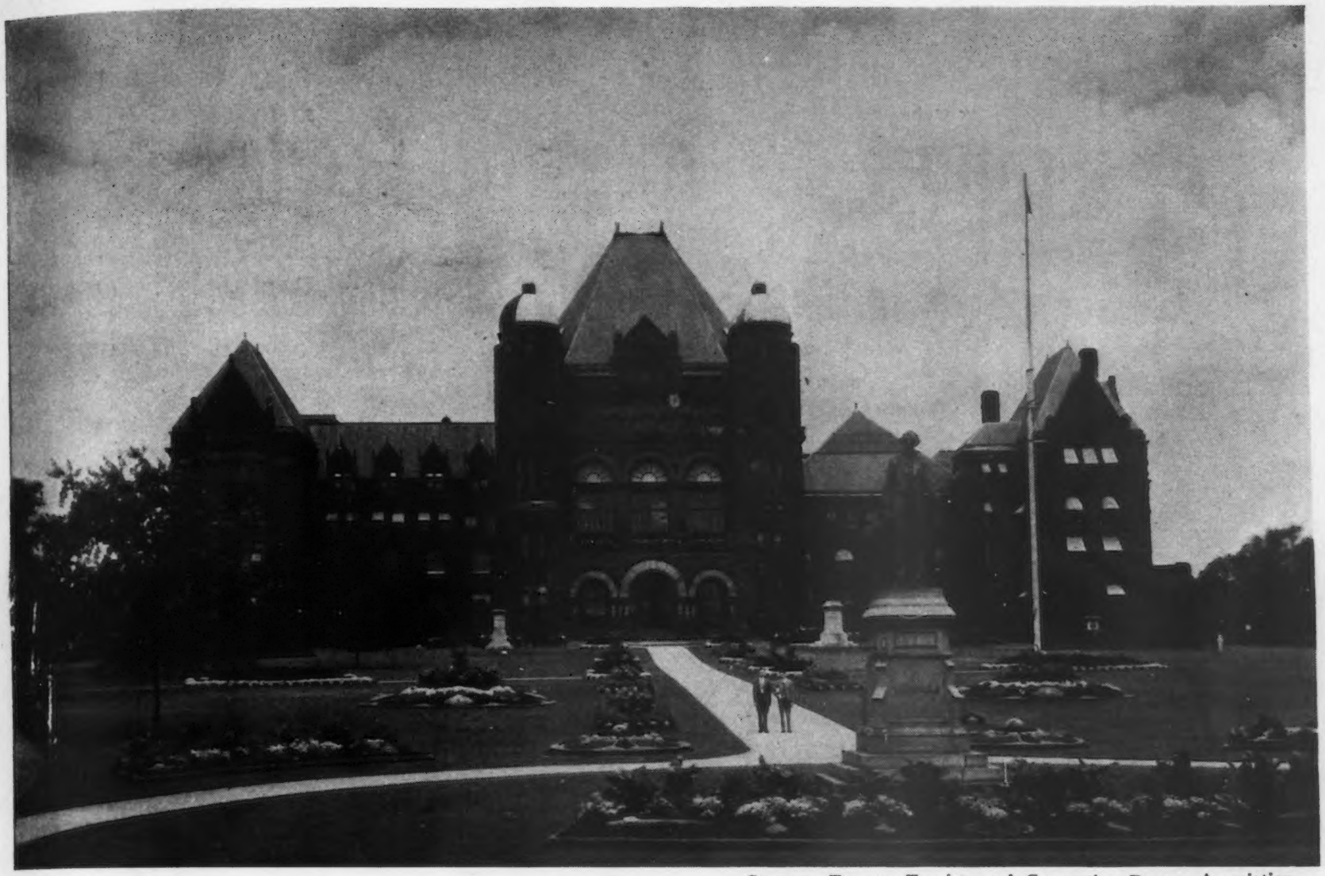
Cash	$1000.00	Capital	$5000.00
Merchandise	2000.00		
Building	2000.00		

This man's theory is "Easy credit makes more volume, and consequently more profit." For a short time he will do well. He will pay his bills promptly, taking the discount, and will have no trouble getting merchandise. Some of his customers, however, cannot pay him in 30 days, so he lets the accounts run—60, 90, 120 days. A little later on here is his statement:

Cash	$ 1.75	Notes Payable	$3001.38
Accounts Rec.	5000.00	Accounts Pay.	3000.37
Merchandise	3000.00	Capital	5000.00
Building	2000.00		
Notes Rec.	1000.00		

We all know that some desperate measures are going to have to be taken by the owner of this business if he is going to pull through. The chances are when he looks through his store and sees the large amount of merchandise on hand, and considers the accounts due him, "all good," of course, he thinks he has done pretty well. He would be the most surprised man if someone told him his business was in great danger of collapse. He thinks if he just had more capital he would be in pretty good shape.

The real trouble, we know, is that he has not kept things in proper relationship. He has not collected his accounts as he should, and has therefore been unable to pay his bills as he ought to. And the strange part of it



Courtesy Toronto Tourists and Convention Bureau Association

The Parliament Buildings, Toronto, Ontario

is whoever approves an order for shipment to him is contributing to his downfall. Selling him another order of goods "to make a little extra profit" just isn't going to work out, because, unless he is one out of a thousand, he is going to collapse in a very short time, thinking if he just had been able to get a little more capital, he could have pulled through; whereas selling him more merchandise would merely have pyramided his accounts receivable, his merchandise, and his debts, leaving the relationship between his figures and what they ought to be still further out of joint.

Now, down the street several blocks there is a customer who is also buying of us. He watches his collections; he orders only merchandise that he feels will sell promptly, and in only sufficient quantity to meet a reasonable demand. He has a reasonable markup, believing that a reasonable return for his efforts is proper. Would we be keeping faith with this good customer if we sold his competitor up the street, hoping that by the increased sales we could make a wee bit more profit? I doubt it. To me it seems the profitable thing to do is to concentrate on the good customer from whom we can expect a reasonable amount of business paid for when it is due, and then do everything we can to help this good customer to build up an even better business. In that way, over a period of time, we will sell more of our goods than if we help the poor business man to ruin the business of the good one. Much of the "price-cutting" is done by those who find themselves in a tough spot, unable to buy from their regular sources. So they sell out a quantity of their overstock at a cut price to get the money to pay someone who is threatening to sue them to collect last year's bill of goods.

Regardless of who fails, he owes someone. And the credit man, who, merely in order to increase business and potential profit, contributes to the unbalanced condition of his customers, is doing more of a dis-service than he would be in turning down an order for a firm which is no longer entitled to credit. Rather help build up the *good* customers. Write them that you appreciate how prompt they have always been; invite them to complain if they really have something to complain about; convince them that you actually do enjoy doing business with them; make them feel it is a pleasure and an honor to have them on your list of accounts. That will bring you more business, as well as a feeling of doing something constructive yourself, and will make it *fun* to be a credit man. Anyone can sell "easy credits"; it takes a good man to sell "reasonable credits." Be that good man—but turn down only those orders for which it appears there is a just reason.

Get the Sales Department on your side. If you find a tough one, marshal the facts, deploy them before the sales manager, and say, "Mister, here are the facts; what do you recommend? When he helps you turn down an order, you know it should be turned down. If he thinks it should be accepted, "take a chance" (but be sure to put a mark on the ledger so you will remember why you took it). Then at the end of the year, give him the figures to show what the orders turned down amounted to, as well as the figures showing the total and the percentage of bad accounts. Gentlemen, it really works. It makes a much better credit man out of both of you.

Impact of Taxes on Credit

How Social Levies Especially Affect Working Capital

By Charles Weisberg, Credit Manager,
Henry Rosenzweig & Co., Inc., New York City

Credit is defined as the *ability to secure goods, wares, services, etc., on the ability to pay for them at some future date.* A seller of merchandise does not extend credit but sells his wares on the basis of a buyer's credit strength. Even a bank, which deals primarily in credits, does not give credit. When it discounts a depositor's note without collateral, it exchanges its credit temporarily for that of the borrower. In either event, whether merchandise is sold or a note is discounted, it is on the credit strength of a buyer or borrower. The capacity to redeem such obligations depends on the amount and quality of current assets in excess of current liabilities. Thus, credit is backed by wealth.

Wealth is reproduced through trading. Back of trading is inventory turnovers. Merchandise is purchased, processed and resold. Resale prices are set at amounts which not only cover costs of purchases, payrolls and general overhead expenses but an additional amount to yield a profit. Final results expand or contract capital or surplus. Credit is strengthened or weakened in relation to net working capital increases or decreases. Credit expands in proportion to net working capital expansion. On the other hand, credit contracts when net working capital is decreased.

Increases are not only reflected in capital or surplus gains but they are also reflected in improved net working capital. These conditions will follow provided there are not any excessive conversions from current assets to plant or other assets. Conversely, decreases in capital or surplus accounts are reflected in reduced net working capital.

Various Influences on Credit

During the normal course of business various influences are at work which affect credit. In general, they may be economic conditions, internal or external conditions, style and utility changes, etc. Entire trades or industries may be affected thereby. Net working capital may be reduced because of poor operating results, merchandise obsolescence, heavy fixed overhead expenses, etc. Furthermore, fixed assets which formerly would be considered in line become excessive, due to reduced volume either in units or prices, or both. As a consequence, failures will occur.

Thus, business is beset by numerous complexities. Efficient management is able to overcome them and adjust itself to new and changing conditions. The power to accomplish this depends largely upon adequate reserves. One outstanding factor which affects all firms, well managed and poorly managed ones alike, is taxes.

Taxes are current obligations and change net working capital by corresponding amounts. Net working capital is reduced by the amount of such taxes. The resultant effect may lead to a straining of the remaining net working capital as reserves for future safety are diminished. As a further consequence, many firms in trades or industries may become hazardous risks, especially during periods of stress. In poorly managed ones, taxes may tend to hasten their liquidation either voluntarily or involuntarily. Taxes thus affect credit through their impact upon net working capital.

How Taxes Affect Credit

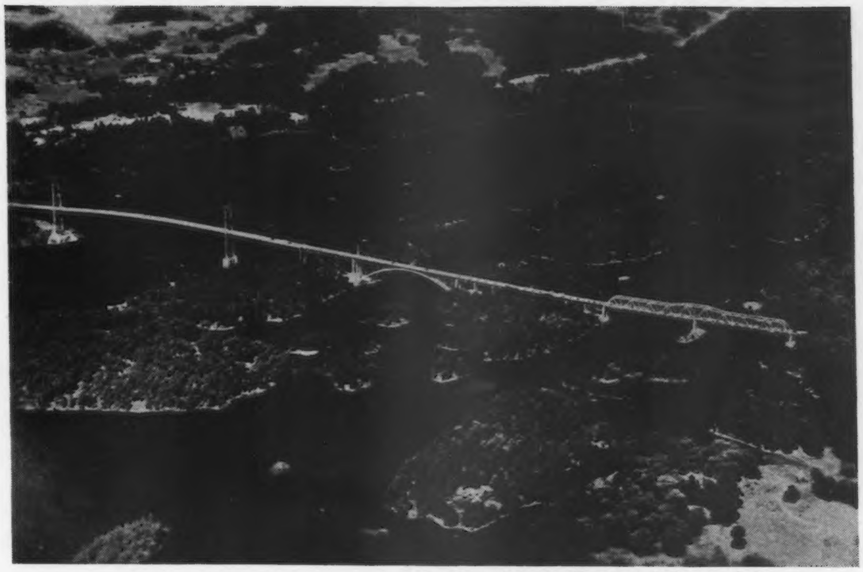
In this article, concrete examples will be given of the impact of income and unemployment and Federal Old Age pension taxes upon credit. It will be shown how the effect of these taxes on net working capital is major in some situations and minor in others, depending upon the nature of the taxes and the rate of taxes.

Income taxes, as its name implies, is a direct levy upon net income. Net income, as previously explained, is not only reflected in increased capital or surplus but it is also reflected in improved working capital or expansion of fixed or other assets. In the event these profits are represented in disproportionately fixed or assets other than current ones, such increases impair net working capital. These unbalanced conditions tend to weaken good credit risks. The effect of income taxes in intensifying this trend is serious only when the tax is heavy

in proportion to net working capital even though the rate of this tax is not considered excessive.

To illustrate specifically, the case of Blank Manufacturing Corporation is used. This company is engaged in one of the heavy industries. Its financial condition is excellent. Of its total capital and surplus approximately $1,-000,000, $300,000 is represented by machinery and fixtures, etc.

Net profits amount to $100,000, equivalent to 2 per cent of net sales of $5,000,000. It is further assumed that income taxes amount to $16,500 or 16½ per cent of net income. Dividends of $30,000 are declared. In addition, plant facilities are increased by $20,000. Total cash disbursements for taxes, dividends and plant expansion thus amount to $66,500, leaving a net increase in working capital of $33,500.



Courtesy Ontario Provincial Dept. of Highways

Thousand Island Bridge Which Will Be Used by a Number of Credit Congress Tourists

This company may continue in this manner for some years under a similar rate of taxation. Its volume and facilities may progressively increase. Additional reserves will be accumulated. If there should be a recession followed by reduced demand, manufacturing equipment may become unbalanced. However, the company will be able to withstand these reverses by drawing on the accumulated reserves which it has in the form of net working capital. Its credit strength will not be endangered.

Such an income tax rate as the foreging is, therefore, is not considered a serious burden. This company could conveniently pay an income tax rate of 16½ per cent without endangering its net working capital. While the foregoing case is hypothetical it shows that what is true in this instance is also true of numerous concerns in many trades or industries.

Complications will arise, however, if plant expansions, diversion of funds or abnormal dividends are excessive. Its reserves cannot be built up to withstand later shocks caused by economic or other conditions. Thus, the rate of 16½ per cent income taxes cannot be considered as a contributing factor in reversing its credit standing.

How Profits Tax Works

Difficulties are encountered, however, when income tax rates mount high as in the case of the undistributed profits tax which was in force during 1936. In that year, a number of chain stores in the ready-to-wear field enjoyed excellent business. Profits were quite substantial. As a result, management was enthusiastic. Expansion set in.

Additional units were opened which involved installation of new fixtures. Old units were renovated. These increases in fixtures and alterations were not excessive. They were not financed by cash contributions in the form of additional capital but from current accounts which had been built up as a result of good business. Conversions from current to fixed assets reduced net working capital. As a result, some profits were reflected in expanded fixed assets. As an additional incident to spreading out, fixed expenses were increased by larger rentals, supervision, selling costs, etc.

Because of the high rate on profits not distributed, it seemed advisable to pay considerably larger dividends to stockholders than had been paid in previous years. The result was to cut down seriously the usual additions to working capital at a time when expansion of fixtures, etc., was calling for more capital investment. After the second quarter of 1937, sales slackened considerably and prices declined. These companies experienced what many other concerns experienced under similar circumstances, the embarrassing shrinkage of net working capital, bringing failure to many companies during the latter half of 1937 and early 1938.

In these instances, high taxation was unquestionably a heavy contributing factor towards reducing the net working capital which fortifies concerns in meeting adversity.

Social Security Taxes

Social security and unemployment taxes are added burdens. These taxes are levied on every payroll whether productive or non-productive—factory payrolls, factory overhead, selling and administrative. At the present time the rate is 3 per cent for unemployment insurance and 1 per cent for Federal Old Age pensions, up to a limit of $3,000 on each employee.

Some industries are able to absorb these taxes. Other industries are able to pass them on as part of their costs. The ability to absorb these taxes depends upon two factors: nature of the industry and margin of net profits.

Trades or industries may be generally classified as heavy manufacturing, light manufacturing and distributing. Heavy manufacturing trades or industries are those which have a substantial portion of their total capital invested in manufacturing machinery and equipment. Overhead expenses arising from depreciation and obsolescence may amount to a large part of total costs. Labor, on the other hand, will be a smaller part of total costs as the products manufactured will be mostly machine made.

In many of these industries, labor costs may range

from a few per cent to about 10 per cent, or slightly more, of net selling prices. Under these circumstances, the .4 per cent additional burden on labor is relatively unimportant. Furthermore, there may be economies in other directions which will more than offset this slight increase and these imposts may be absorbed without serious effects.

Light manufacturing trades or industries are those in which plant and equipment constitute only a small proportion of total capital. General manufacturing overhead expenses are a small percentage of total costs. Labor costs, on the other hand, are in higher percentages. The extent of labor costs in relation to other costs depends on the kind of goods manufactured and skill required.

In many trades or industries, average labor costs may range from 20 per cent to 35 per cent of selling prices and in some instances, higher. In light manufacturing trades or industries, therefore, social security and unemployment taxes are added to costs and included in selling prices. Indeed, they should be.

Distributors may be divided into wholesalers, jobbers and retailers. The only payrolls involved are selling and administrative. The ratios of these payrolls to net sales depend upon the kind of distribution. Department stores, for example, are known to have payrolls often reaching 25 per cent to 28 per cent of net sales. Payrolls are thus increased 1 per cent to 1.12 per cent through social security and unemployment taxes. Wholesalers' and jobbers' payrolls may range from 10 per cent to 15 per cent of net sales, thus adding .4 per cent to .6 per cent to regular payrolls.

Where net profits are liberal, absorption of these taxes may have little effect even though they may amount to 1 per cent, or more, of selling prices. Furthermore, there are possibilities of economies to offset these increases.

On the other hand, highly competitive industries or trades may be seriously affected. As a result of intense competition, net profits may average from a fraction of a per cent to slightly in excess of one per cent. In this connection, it should be remembered that taxes on nonproductive labor such as selling and administrative payrolls increase business costs. Higher profit margins are thus necessary to overcome such increases. In many of the garment trades, for example, it has been found that net profits averaged from .3 per cent to about 1 per cent. Thus, when average labor costs amount to 30 per cent or more, social security taxes increase payrolls by more than 1.2 per cent when compared to net sales. It will be realized that final net profits are slim.

In many lines of distribution such as ready-to-wear and department stores, average net profits for the year 1938 were meagre. Average net profits for department stores amounted to .3 per cent. Final compensation in the form of net operating results is not very encouraging when compared with unemployment and social security taxes, stated before as 1 per cent to 1.12 per cent.

Not Based Upon Profits

Social security and unemployment taxes are levied on payrolls whether operations are profitable or not. As a consequence, these additions to labor and overhead payrolls may turn a slight profit into a loss. Labor costs, selling and other overhead payrolls are increased by these taxes. These added burdens increase manufacturing costs, selling and administrative expenses, leading to insufficient gross profit margins as well as increased overhead expense rates. Working capital is thereby reduced through the inability to earn a sufficient yield to cover these added burdens. In these instances, marginal concerns may be pushed into liquidation, either voluntarily or involuntarily.

Inventory turnovers are the bases for increasing wealth. Gainful trading increases wealth. As wealth increases, so does credit. It follows, then, that the stronger the credit base the larger will be the inventory turnovers. Volume will increase in proportion to net working capital increases. Thus, net working capital is intimately tied in with inventory turnovers.

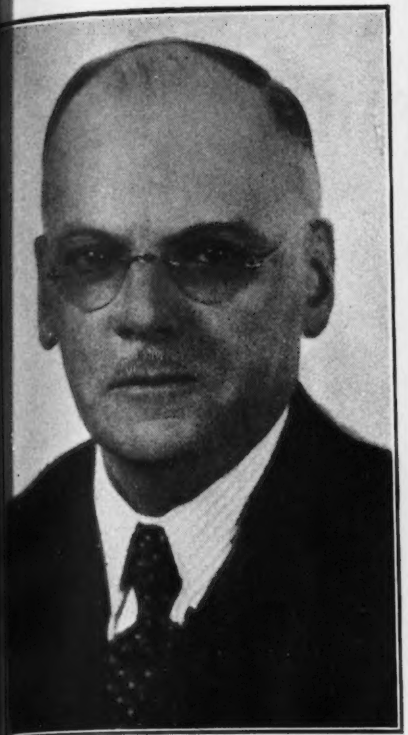
In view of the foregoing, it is desirable that mass credit strength of trades or industries be constantly improved and increased. In this respect, taxes are a vital factor in reaching this goal for they can either undermine or strengthen credit. Unless a strong credit base is maintained it may lead to hesitancy or curtailment in selling goods on a credit basis and interfere with the normal flow of inventories from sources to outlets.

Interpreting Financial Statement Figures

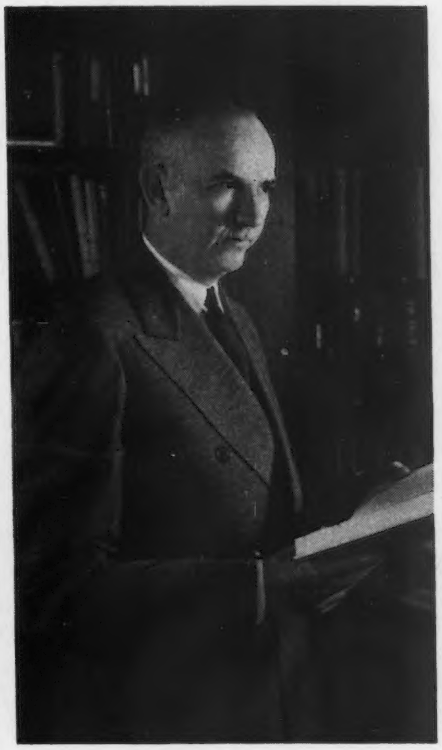
(*Cont. from page* 11) your potential commercial loans from outside buyers of your customers' notes, particularly commercial paper houses that act as an intermediary in furnishing your customers with credit at lower rates than you are able or willing to name. These brokers expect bankers to provide unused lines of credit to act as an umbrella over these open-market sales. Likewise, these brokers wish the banks to act as credit agencies in providing paper buyers with information as to the standing, line of credit and general desirability of the paper sold in competition with the very banks that are in such great need of good commercial loans.

Seventh and last. Demand surplus reconcilements and detailed profit and loss statements. Someone has said, and I think wisely, that the profit and loss statement gives all the correct answers to the balance sheet and to the year's operations as well. I have often found this so. The comparison of sales to receivables depicts pretty well the collectibility of receivables. The sales to merchandise ratio will show turn-over had in merchandise inventories. The worth to debt ratio will answer the question as to the likelihood of top-heavy debt position, and whether or not the stockholders have contributed the proper amount of money in proportion to creditors in carrying the assets of the borrower. The percentage of gross profit to the percentage of expenses and the percentage of net profits to sales when compared with previous statements of the same company, and when compared with statements of other companies similarly engaged, will answer the enigma of many credit problems and will say "yes" or "no" as automatically as the music machine responds to the dropping of a coin.

Credit Congress Leaders



Mr. A. L. McWilliams,
President Canadian Credit Men's Trust Association, Toronto



Mr. Henry H. Heimann,
Executive Manager Natl. Assn. of Credit Men

Mr. Chas. A. Wells,
President Natl. Association of Credit Men

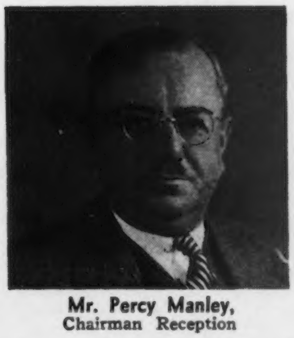
Mr. John L. Redmond,
Vice-Pres. N. A. C. M.

Mr. Fred J. Hamerin,
Vice-Pres. N. A. C. M.

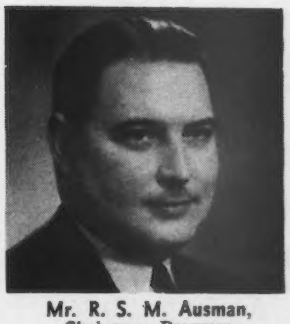
Mr. R. C. Wilson,
Vice-Pres. N. A. C. M.

Mrs. B. Y. Haddy,
Chairman Hostess Committee

Mr. John W. McNair,
Chairman Entertainment

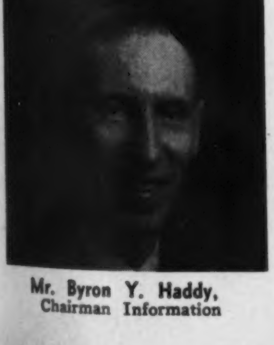


Mr. Percy Manley,
Chairman Reception

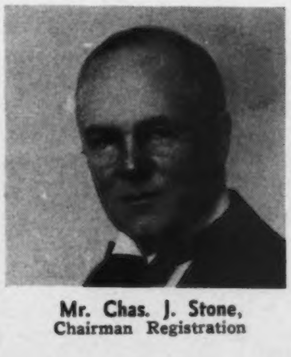


Mr. R. S. M. Ausman,
Chairman Program

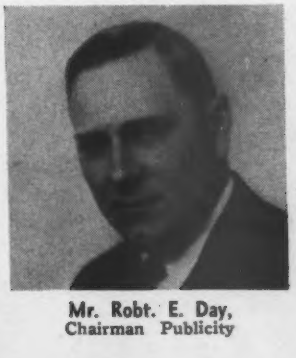
Miss Jane Sweaf,
Chairman Credit Women



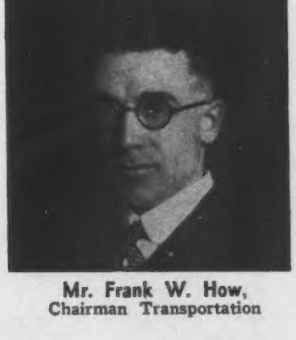
Mr. Byron Y. Haddy,
Chairman Information



Mr. Chas. J. Stone,
Chairman Registration



Mr. Robt. E. Day,
Chairman Publicity



Mr. Frank W. How,
Chairman Transportation

Industry Group Programs

Many Interesting Discussions Slated for Toronto Congress

As this issue of "Credit and Financial Management" goes to press, all of the industry group programs are virtually completed. Outstanding speakers have been selected to discuss topics which are of vital interest to members of individual industries in their day to day work. It has been the aim of all chairmen and their committees to develop programs relating to problems peculiar to their own industries, and it is their hope that you will return home from Toronto not only with pleasant memories of the general Credit Congress but also with many new ideas and suggestions which will be of help to you in your specific business problems.

Meetings are scheduled for approximately thirty major industries. Considering, however, that many allied lines have been grouped together in single meetings, the spread is much greater. It is the hope that at least one meeting will be in progress on Tuesday and Wednesday afternoons, May 21 and 22, which will be of interest to every Credit Congress registrant. If a meeting has not been scheduled for your specific industry, check over the list and plan to attend any one or more of the meetings which appear to be of most interest to you. You will be most welcome at all of them.

Following are the various programs scheduled:

Advertising Media

Chairman: H. B. Pugsley, Cleveland Press, Cleveland Ohio.

Vice-Chairmen: G. O. Gill, World Publishing Co., Omaha, Nebr.; J. L. Moore, Atlanta Journal, Atlanta, Ga.; C. A. Prentice, Toronto Globe & Mail, Toronto, Ont.

Secretary: Allen W. Selby, Chicago Daily News, Chicago, Ill.

Treasurer: Jack H. Campbell, Toronto Star, Toronto, Ont.

Chairman Pugsley has arranged a program covering practically every important phase of credit granting in the advertising field, including "A Lawyer Looks at Collections," Gordon A. Binkley, Binkley and Harris, Solicitors, Toronto, Ont.; "Recent Legislation Affecting Advertising Media Credits," Allen W. Selby, Chicago Daily News, Chicago, Ill.; "Terms Chiseling," Walter G. Burson, Pittsburgh Post-Gazette, Pittsburgh, Pa.; "Transient Credits and Collections," Albert Imsande, Cincinnati Enquirer, Cincinnati, Ohio; "Credits and Advertising," H. E. Judges, Classified Advertising Manager, The Toronto Evening Telegram, Toronto, Ont.; "Should Cash Discounts Be Abolished? Yes," Robert B. Gratzer, Courier-Journal-Times, Louisville, Ky.; "Should Cash Discounts Be Abolished? No," Robert T. Holman, Cleveland Press, Cleveland, Ohio; "Remarks on Bad Debt Loss Survey," Floyd E. Egner, Cleveland Plain Dealer, Cleveland, Ohio and "Open Forum and Answers to Question Box Queries," Discussion Leader, A. L. Podrasnik, Chicago Daily Times, Chicago, Ill.

An industry luncheon is scheduled for Wednesday noon.

Automotive & Petroleum Supply Wholesalers

Chairman: M. D. Fields, Central Rubber & Supply Co., Indianapolis, Ind.

Vice-Chairmen: G. G. Merritt, Goodyear Tire & Rubber Co., Ltd., New Toronto, Ont.; H. W. Swenson, Reinhard Bros. Co., Minneapolis, Minn.

Committee: Miss Anne M. Curran, Sidney B. Roby Co., Rochester, N. Y.; Irving C. Rice, Colyear Motor Sales Co., San Francisco, Calif.

Formal presentations have been scheduled on a number of important topics in addition to forum discussions in which everyone in attendance will be invited to take part. "The Credit Man and His Work," J. B. McTaggart, The Brantford Coach and Body Co., Ltd., Brantford, Ont.; Open Forum (a) "Where I Get My Credit Information," (b) "Are Financial Statements Imperative as Basis for Credit Approval," (a round table discussion) led by G. G. Merritt, Goodyear Tire & Rubber Co., Ltd., New Toronto, Ont.; "Your Credit Association—What You Can Expect from It and Vice Versa," E. W. Johnson, Executive Vice President, The Adjustment Bureau of the Portland Association of Credit Men, Portland, Ore.; "Why Our 'Traveling Representatives' Are No Longer Called Salesmen"; "I was a Credit Man," J. F. McLaughlin, Indian Refining Co., Indianapolis, Ind.; "Constructive Credit Department Assistance to Customers," Gordon G. Armstrong, Sec.-Treas., The B. F. Goodrich Co. of Canada, Ltd., Toronto, Ont.; "Special Credit Department Problems"—Open Forum led by H. W. Swenson, Reinhard Bros. Co., Minneapolis, Minn.; "Should the Territory Representative Accompany the Credit Man on Collection Calls"; "Getting the Money and Making Them Like It"—a symposium of the various methods used by members—display of form letters, telegrams, or whatever are considered their "Ace In the Hole"; "Nation-Wide Interchange of Credit Experience," Roy A. Colliton, Director, Credit Interchange Bureau Department, N. A. C. M., St. Louis, Mo.

Bankers

Chairman: Milton J. Drake, Detroit Bank, Detroit.

Vice-Chairman: Douglas Hanlan, Canadian Acceptance Corp., Toronto, Ont.; Geo. Dpggan, Continental-Illinois Nat'l Bank & Trust Co., Chicago.

"How about an automatic vendor for shoes?... *No salesman needed*"

Put in your money. Out comes a pair of shoes—your size. Self-service plus—everything guaranteed, but comfort and satisfaction.

Pity the American foot if we bought shoes that way. Good fit and good wear depend on last and leather and workmanship. No machine can measure that to the satisfaction of each customer. The retail shoe dealer is buyer, guide and counsellor on footwear, and no automatic dispenser can substitute for his experienced salesmanship. Nor can insurance be safely bought the self-service way.

That's why the experienced retail shoe dealer does not just say, "$50 worth of insurance, please." Because he realizes the necessary part played by on-the-spot service in modern distribution, he asks for and gets the advice and full services of a capable purchasing agent in the complex insurance field, like himself an expert middleman. No worries about uncovered risks that might wreck a business.

* * *

Because we believe so thoroughly in the services of an expert middleman, whether retail shoe dealer, insurance agent or broker, we refuse to accept business direct because it is not in the interest of the Company or the assured to do so. When *you* buy National Surety Fidelity Bonds, Surety Bonds, Burglary or Forgery Insurance through your local insurance agent or broker, you deal with a customer and friend who is a fellow member and supporter of the American Business System.

● This is a reprint of an advertisement of a stock insurance company directed to the retail shoe dealer in your city.

NATIONAL SURETY CORPORATION

VINCENT CULLEN, President

Committee: G. J. Rothweiler, Mississippi Valley Trust Co., St. Louis, Mo.; R. W. Watson, Bank of America, Los Angeles, Calif.; R. D. Withington, Philadelphia National Bank, Philadelphia, Pa.

The meeting of the bankers in cooperation with the Robert Morris Associates is always an outstanding feature of the Credit Congress. As this issue of "Credit and Financial Management" goes to press, their program is in a tentative stage but Chairman Drake advises that some extremely interesting subjects are being scheduled and assures that the program this year will equal the high standards set in the past for informative and thought provoking discussion.

Brewers, Distillers & Wholesale Liquor

Chairman: N. S. Davis, Bohemian Distributing Co., Los Angeles, Calif.

Vice-Chairman: W. B. Talbot, Frankfort Distilleries, Inc., Louisville, Ky.

Chairman Davis' program will include a talk by W. B. Talbot, Frankfort Distilleries, Inc., Louisville, Ky., on "The Shadow"; one by H. H. Jacobi, Hiram Walker, Inc., Chicago, Ill., on "Another Way of Looking at It"; as well as an open forum during which varied subjects of general interest will be discussed.

It is the hope also to have an outstanding speaker who will present a subject such as "A Brewer's Credit View of the Alcoholic Beverage Industry."

Building Material & Construction Industry

Because of the limited attendance anticipated, it was not felt advisable to schedule a meeting. Members of the industry who are registered at the Credit Congress are cordially invited to attend and take part in any of the other industry meetings which they feel will be of interest to them.

Cement

Joint Chairmen: John Q. Adams, Bessemer Limestone & Cement Co., Youngstown, Ohio, Chairman of the Central Group.

K. S. Bates, Universal Atlas Cement Co., Kansas City, Mo., Chairman of the Western Group.

S. J. Fehnel, Nazareth Cement Co., Nazareth, Pa., Chairman of the Eastern Group.

E. W. Strange, Lone Star Cement Co., Birmingham, Ala., Chairman of the Southern Group.

Secretary: E. Balestier, Jr., One Park Ave., New York, N. Y.

The four geographical divisions of the cement industry will meet under the joint chairmanship of the gentlemen listed above. They will maintain headquarters at the Royal York Hotel but their business session will be at the Royal York Golf Club. Their discussions will cover problems of mutual interest to the various divisions of the Industry.

There will be an industry luncheon on Tuesday, and, no doubt, a part of the afternoon will be devoted to golf and other entertainment.

Clothing, Men's Furnishings, Dry Goods, Ladies' Wear & Millinery

Chairman: I. J. Gale, Rice-Stix Dry Goods Co., St. Louis, Mo.

Vice-Chairmen: A. N. Masucci, Hickey-Freeman Co., Rochester, N. Y.; J. H. Pritchett, Sewell Mfg. Co., Bremen, Ga.; J. L. Schoenenberger, Beau Brummell Ties, Inc., Cincinnati, Ohio; C. J. Stone, M. C. I., Tip Top Tailors, Ltd., Toronto, Ont.

Five formal presentations have been scheduled, as well as three open forums which promise to bring out ideas and discussions of especial interest: "The Credit Man of the Future," J. V. R. Porteous, President, Greenshields, Hodgson Racine, Ltd., Montreal, Que.; "Terms of Sale—Methods of Enforcement—Terms Chiselling," C. J. Stone, M. C. I., Tip Top Tailors, Ltd., Toronto, Ont.; "Are the Present Credit Policies of Our Industry Sound?", M. E. Enkin, M. C. I., Cook Clothing Co., Ltd., Toronto, Ont.; "Budgeting Your Customer's Business," I. J. Gale, Credit Manager, Rice-Stix Dry Goods Co., St. Louis, Mo.; "Unusual Services of Your Association," Orville Livingston, Secretary-Manager, St. Louis Association of Credit Men, St. Louis, Mo.

Open Forum Discussions: "Use and Abuse of Cash Discounts"—"Charging Interest on Past Due Accounts"—"Successful Methods of Developing Discounting Customers"—"Handling Merchandise Returns"—led by J. L. Schoenenberger, Credit Manager, Beau Brummell Ties, Inc., Cincinnati, Ohio; "Increasing Credit Department Efficiency"—"Form Letters, When Not to Use Them"—led by A. N. Masucci, Treasurer, Hickey-Freeman Co., Rochester, N. Y.; "Sales Department Co-Operation"—"Personal Investigations by Credit Man"—led by J. H. Pritchett, Credit Manager, Sewell Mfg. Co., Bremen, Ga.

Confectionery Manufacturing

Chairman: L. S. Day, W. F. Schrafft & Sons Corp., Boston, Mass.

Vice-Chairmen: Miss Irene Austin, Thinshell Products Co., Chicago, Ill.; R. G. Mitchell, Rowntree Co., Ltd., Toronto, Ont.

Committee: W. H. Hottinger, Jr., Bowey's, Inc., Chicago, Ill.; A. H. Mader, American Chicle Co., Long Island City, N. Y.; Leo Sorenson, Geo. Ziegler Co., Milwaukee, Wisc.

Chairman Day has designated Miss Irene Austin as the presiding officer on Tuesday afternoon, and R. G. Mitchell will preside at the Wednesday afternoon session.

The program will include "Eliminate the Rubber Stamp of Effective Credit Management," J. J. Millar, William Neilson, Ltd., Toronto, Ont.; "Taxes as They Affect the Credit Man," W. H. Hottinger, Jr., Bowey's, Inc., Chicago, Ill.; "Can Salesmen Be Trained to Collect Efficiently?", E. T. C. Burke, George Weston, Ltd., Toronto, Ont.; "Terms of Sale and Terms Chiseling," B. Frank Fox, Lamont Corliss & Co., New York, N. Y.

An industry luncheon is scheduled for 12:30 P. M. on Wednesday.

Drug & Chemical

Chairman: C. Rodriguez, Davol Rubber Co., Providence, R. I.

Vice-Chairmen: Lea A. Johnston, United Drug Co., Ltd., Toronto, Ont.; R. L. Plummer, Abbott Laboratories, North Chicago, Ill.

Committee: Fred L. Andrews, Davis Bros., Inc., Denver, Colo.; E. T. Carlson, Johnson & Johnson, Chi-

(*Continued on page* 42)

Service That Helps the Dealer

Several Credit Executives Tell of Plans in Letters to

P. W. McDermand, Auditor, Crete Mills, Crete, Neb.

During the time I was gathering material for my article appearing in the April issue under the title of "Credit Man as Service Salesman," I wrote to a number of other corporation officials to inquire what in their opinion was the best way to cooperate with dealers from a credit standpoint. The response to these letters was very gratifying, and the thought occurred to me that some other credit executives might like to look over the replies.

Four banks were addressed: one in St. Louis, one in Kansas City, one in Chicago and one in New York City. The other letters were addressed to credit managers of wholesale and manufacturing corporations in many sections of the country.

The following is a portion of my letter:

"A review of the subject along the following lines might be interesting, but of course you are to feel free to discuss the matter from your own viewpoint entirely independent of the following outline:

1. Most valuable or unusual service to the customer that has come to your attention—
2. Most valuable service to customer you have used—
3. One or more that appear practical and good opportunities that appear to you to be generally neglected—
4. Do you believe the credit executive is in a better position to sell these various extra services to customers than other members of the business organization, and your reasons for or against such belief.

The letters from bank executives follow first and are in addition to being very interesting, quite complete in the review of the subject for in all probability contacts of bank credit men are more often direct with the creditor while in commercial credits this situation is very likely to be just the reverse. Here is one of the replies from a bank credit man:

Banker Warns of "Terms"

From Chicago:

" . . . Our contacts with our customers are probably somewhat different than the contacts of the commercial credit man and probably bankers work more closely with the management of those to whom credit is granted than prevails in many commercial credit transactions. In either case, however, it would seem that certain factors, if applied by an alert credit manager, can be of equal benefit to his company and his customer, and in either case the credit executive must be sales-minded to a degree and the sales force must be credit-minded to a degree. The credit executive in many instances probably should attempt to find ways by which a sale can be made rather than looking for reasons it should not be made because in every cancelled order, of course, lies the prospect of a lost sales profit as well as a credit loss.

"Frequently in discussions at the local chapter of the Association of Credit Men the subject of terms comes up, and it often has been said that the reason for many slow accounts is the credit man's failure to keep accounts collected to terms thereby avoiding pyramiding of past due bills. Of late there has been considerable discussion and I think much has been done recently to promote the idea of credit managers actually calling on their customers, inspecting the plants and operations, cost systems and general methods of operation, and in this way it would seem that the well versed credit man could be of considerable assistance to many of his customers."

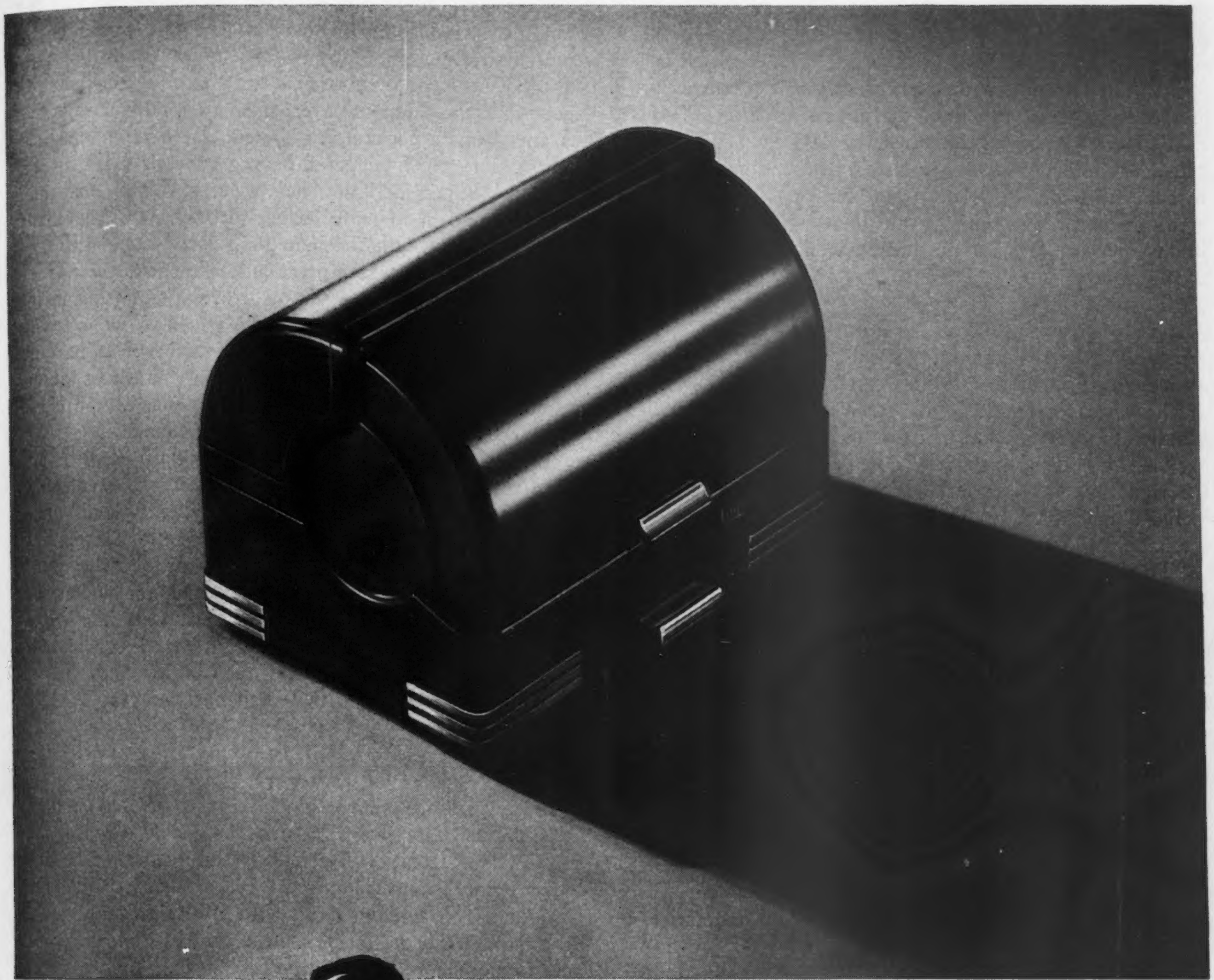
So much for the view points of our banker friends who seem to agree that there is a place for bigger and better credit men in the field of commercial credits. Next we will have this subject reviewed from the point of view right in our own field of activity, and note these men do not agree in all particulars:

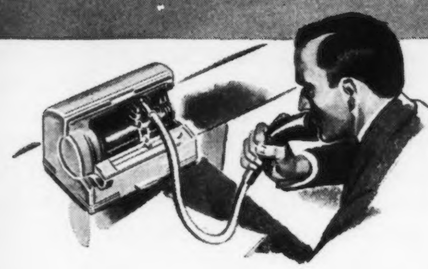
Wholesaler Sees Opportunity

From Milwaukee, Wisconsin, the credit manager of a wholesale grocery sent the following taken from an address given at the food products wholesalers' group meeting—7th Annual Credit Congress National Association of Credit Men held in Chicago:

"There is a wonderful opportunity for the credit manager to organize and supervise such a department referred to as the Business Service Department. It is an invaluable ally and a part of the modern credit department. There must be some organized effort to make application of the information the accounting records bring to light. Study the copy of the Dun & Bradstreet Survey given you. Teach your customers how they can bring up gross earnings to where they are comparable—show them how expenses can be reduced (if necessary) also how they can increase sales. All of this should not be done by yourself but through your allied departments and the salesman.

For the *beauty* of your desk...





Edison presents an 8½" x 11" miracle to expedite your work

The Laboratories of Thomas A. Edison did a beautiful job in designing this enclosed Ediphone. It actually takes up less space on your desk than a letterhead. It closes completely! Dust is kept out. It's truly beautiful!

And you'll do a beautiful job using it. This amazing Edison Voicewriter brings efficiency to your work as well as distinction to your desk. Just lift the receiver and talk your work away. Memos, letters, instructions and reports clear out of your mind! You can forget them...because the Ediphone remembers for you.

Try this handsome Ediphone on *your own* desk. No obligation. Telephone the Ediphone (your city) or write Dept. CF 5, Thomas A. Edison, Inc., West Orange, N. J.

SAY IT TO THE **Ediphone**

EDISON VOICEWRITER

National Association of Credit Men, Convention May 19-23, Hotel Royal York, Toronto, Canada

"The credit manager's job is to supply the program. He must teach the others the procedure. It's a real job and an interesting one—Maybe one could say that these things are not in the province of the credit department, but is it not a fact that your credit problems are in reality a sales problem?" In another part of this talk in discussing weekly terms, he says in part: "All the dangers that lie in a retailer's path are more likely to be avoided through short term credit extensions. The credit manager can sell any merchant who is interested in his own welfare on the idea that he should pay his account every week.

"To put over the weekly net terms successfully even though your competitors are granting long discount terms means that the thought must be sold, and as a wholesale business is primarily a selling institution, it is just as much in order to sell a needed service as it is to sell food commodities. The mere fact that competitors are operating on long terms certainly doesn't mean that this is the right method. Other services discussed in this talk included insurance service in the nature of surveys and the financing of retail grocers by the wholesaler.

"To the question, Should it be done? the answer was, YES. One reason advanced in support of the affirmative, 'Because unless jobbers will assist in establishing independent outlets in desirable sections, corporate chains can monopolize the most suitable locations.' All of this special service would naturally call on the credit department for the major analyzing and controlling the risks taken on."

Continuing quotations from letters received the following is from a manufacturer and wholesaler of candy, biscuits, cocoa and chocolate, Milwaukee: "There is but little we can contribute on the subject brought up in your letter, because our company does not extensively go into the idea of lending help in accounting matters or business management to our customers.

"There are of course a great many companies that do this very thing. The idea is successfully prosecuted by many and seems to be a matter of company policy and individual credit man's preference rather than a subject that is really debatable on its merits."

Teach Him to Watch Collections

From a wholesale grocer, Portland, Maine, came this reply:

" . . . The writer is of the opinion that the greatest service a credit executive can give a customer is—

"First: All the assistance and advice possible regarding the trusting out of money, which seems to be one of the greatest weaknesses among those stores who are doing a credit business.

"Second: All the assistance possible regarding his keeping a proper set of books.

"I think that both of these suggestions should come to the retailer first through the salesman. Therefore, it is the credit man's job to keep his salesmen well instructed on both of these items."

Needs Instruction in Bookkeeping

From Louisville, Kentucky, Wholesale Dry Goods:

"I am sorry not to be able to give you any personal experience along the lines of your subject. We have often spoken of such service, and a large proportion of the retailers we deal with surely need some assistance along these lines. To do anything really constructive, however, would be rather an expensive undertaking, and not always welcome in quarters where it would be the most useful.

"My personal conclusion over a number of years has been that the thing the average small retailer needs most is an adequate bookkeeping system, including in particular some form of budgeted buying control, so as to keep his stock liquid and not too large. This is one thing which would be of more benefit to the type of merchants we do business with than anything else I could think of. It would, however, take practically the entire time of one or two men to promote this kind of a proposition in our trade in the three or four states in which we would want to work on it, and the expense we feel would be quite an item, and possibly not justified in a business of our type, where the average merchant spreads his purchases necessarily among a number of wholesalers."

We will now pass from the more or less timid or possibly more properly speaking conservative discussions to the unreserved dissertations on the subjects from credit executives of definite convictions and practical experience to support their comments. I have identified the quotations with the class of business in which the writer was engaged for the reason it appears the possibilities of extending special credit service are modified considerably by the nature of merchandising distribution and the volume of product supplied the retail outlets by a jobber or wholesaler.

Help Him Keep Liquid

From Packing Company, Wilmington, Delaware:

"Question No. 1: The most valuable service that comes to my attention is primarily the method of keeping the customer's credit liquid. Quite frequently, we find customers are confronted with an unexpected obligation other than their business, such as hospital, doctor, etc., and to liquidate this liability they take it out of their business which in turn embarrasses their credit to a certain extent, as I have found them to go back on their terms. A good many I have advised in a case such as this, should use the bank and borrow in order that they can maintain their good credit standing. The fact that they can liquidate this obligation with the bank from time to time prevents any embarrassment with their business finances.

"Question No. 2: When a customer gets delinquent due to some condition beyond his control, it is necessary that he have merchandise to maintain his business. We have found in a number of cases, in order not to embarrass him, and at the same time to keep his business and good will, to arrange to pay us every week equal or more than what he buys for the previous week. It has been surprising the results that have been obtained in this respect and to the surprise of the customer when he again brings his account in line."

From Wholesale Grocery, Grain, Seed and Farm Supplies, Mobile, Ala.:

"1. Keep customer value conscious, service conscious and in a happy frame of mind.

2. Quick delivery; adjustments today, no delay on anything within reason asked by customer.

3. Keep account active and turning. Keep it in line with his ability to pay; thus keeping him happy and in a buying position.

4. Yes, the man handling credits after having personal contact with the salesman over a long period, can sell the various extra services quite well. Based upon thoughts along the special selling line tempered by his own experience in keeping the account in good shape, as well as the customer in good humor, the man from the credit department may render valuable aid.

"5. A happy following turns business into profit and pleasure. Customers, when handled in such a way as to become disgruntled may turn your business from profit to loss."

From Wholesale Candy Company, Chicago:

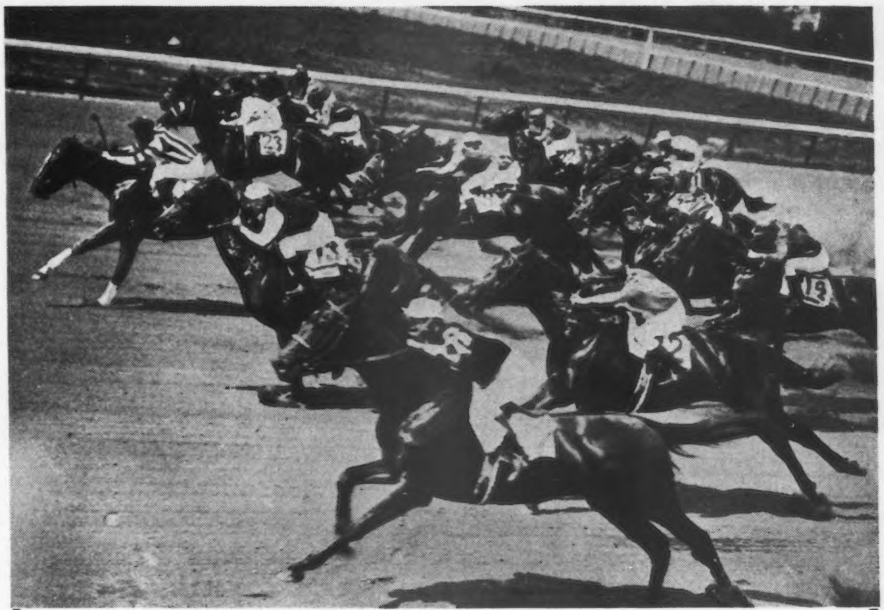
"I am frank to say, from my own observation, very little is done to help the customer keep his own credit liquid, to assist in matters of accounting, or business management. I don't know how extensively this is done in other industries, but I do know that there is very little activity along these lines in the candy industry. Of course, there are many reasons for this. With a great many customers we sell, candy is only one of the many items which they buy, and a small part of their purchases. It would therefore, be rather difficult for us to go to them and make suggestions which you mentioned.

"It has come to my attention that in some industries where they are the principle suppliers of a business, they do make it a point to see that the customer has the proper accounting set-up, obtains the proper mark-up, and offers a financial service to the customer, which is handled by the credit man making personal visits with the customer.

"The most valuable service we have used, from a financial angle, is to make comparison and statement analysis of the financial statement they submit. In some instances we have made some very thorough analyses and comparisons with averages of other customers in the same line. We have also made recommendations for changes in their financial set-up in instances where we have had their confidence and know they will accept our suggestions for what they are worth."

From a flour jobber, Somerville, Mass.:

"In the first place, I believe the credit manager should contact the trade as much as possible. In my



own case I find it creates good will and the customer knowing the credit manager personally feels more disposed to ask advice on matters pertaining to his business.

"In the past, I have advised on matters of bookkeeping, banking and any other matters that might be troubling him, assuring him that it is my pleasure to be of assistance to him at any time.

"Some credit managers have informed me that their salesmen did not like to have them contact the trade with them as it took up too much time and considered it did not help them, but in our case our salesmen feel differently about it and wish to use me as much as possible.

"Sometime ago, I visited a customer with the salesman and on his next call he told the salesman that he had been trading with our company for twenty years and that was the first time an executive of the company had ever seen fit to call on him. He evidently got quite a kick out of it.

"His credit standing was of the best and I never had had any occasion to see him regarding that, so it behooves the credit manager to see those who pay promptly as well as that that do not.

"More good will! More sales!"

Should Advise on Insurance

From a wholesale tea and coffee company, Portland, Oregon:

"About the only contact we have is through our salesmen as our territory is too large. It would not be possible for a representative of the credit department to go over the entire district except occasionally. Wholesale houses with smaller territories are in a much better position to help the retailer with various problems than a wholesaler spread out so, although we do have quite decided ideas as to help which may be rendered from time to time over the entire territory. We do try to work very closely with our salesmen and insist they understand the problems of each individual customer, and keep us advised so that we may in turn render service to him in one way or another.

"We have always considered the most valuable service rendered to a customer is in regard to fire insurance. We have asked repeatedly that a duplicate inventory be made each time they take a list of their stock, and this duplicate inventory be kept outside of the insured premises. It is not necessary to have this show the extensions, but the first item an insurance arjuster asks for is the amount of property destroyed, should there be a fire loss. We have found in many cases the inventory is destroyed with the store contents and it is then necessary to ask all of the different wholesalers selling this store to make up a list showing the purchases over a number of months."

In bringing this paper to a close I shall not attempt to set up definite conclusions with the idea that they could be made use of by the beginner in credit work or the experienced credit executive who might desire to improve his customer contacts. My reason being that as one of the contributors stated, "The idea is successfully prosecuted by many and seems to be a matter of company policy and individual credit man's preference rather than a subject that is really debatable on its merits."

I do feel, however, that in many cases it offers a wide field of opportunity for engaging in customer contacts that would eventually result in a credit man establishing himself and his department in a business association with his customers in a broader and more permanent manner than is usually the case.

Who Gets the Credit?

(*Continued from page* 8) and must do. Government, for example, provides and maintains parks for the public pleasure and welfare, and properly so. But government should not permit the commercial operation of a peanut stand in these parks unless it collects from the operator a proper payment for the privilege. Otherwise more and more of the peanut business would be done on public, tax-free property, and less and less of the peanut business on private, tax-paying property.

What is true of the peanut business is equally true of the transportation business, of the power business, of the insurance business, of every other line of business. Government credit based upon the power to tax *can* be used to foster, promote, subsidize and support the competition which impairs, or even destroys, private credit based upon earning power. Do enough of that, and there would no longer be any private business or credit, because there would no longer be sufficient earnings to support them. All business then would have to be done on public credit and under public authority—and who would pay the taxes?

The interest of the credit man in this situation is obvious. His is the opportunity to sustain and foster, to enrich and improve the conditions which determine the earning power of private, tax-paying business—the final basis of all credit, public as well as private.

Government as Holder

The United States brought suit against the makers of a note which it had acquired through the Federal Housing Administration. The makers set up the defense that there had been a failure of the consideration for which they had given the note.

Ruling that the United States was a holder in due course of the note, the Federal District Court said:

"Failure of consideration is not a good defense to a proceeding brought by a holder in due course. According to the petition, the United States became the bona fide purchaser or holder in due course of the note. The transactions by which the United States acquired the note were by virtue of the terms of the National Housing Act."

Ordinarily, failure of consideration is available as a defense as between the original or immediate parties, but not against a holder in due course. (United States vs. Hoover, 28 Federal Supplement, 556.)—*Burroughs Clearing House.*

In connection with the above statement, readers are referred to Chapter XVIII of the 1940 edition of CREDIT MANUAL of Commercial Laws under "Negotiable Instruments."

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FIRE INSURANCE

Is *Important* In *Determining* Credit *Responsibility*

This seal identifies a member company of The Federation of Mutual Fire Insurance Companies and the American Mutual Alliance. It is a symbol of soundness and stability.

Nearly two hundred years ago, Mutual insurance was founded in America. Its fundamental aim and purpose was to provide the soundest possible protection at the least possible expense. Down through the years, Mutual fire insurance has been of great benefit to countless thousands by its unchanged policy of protection and valuable savings.

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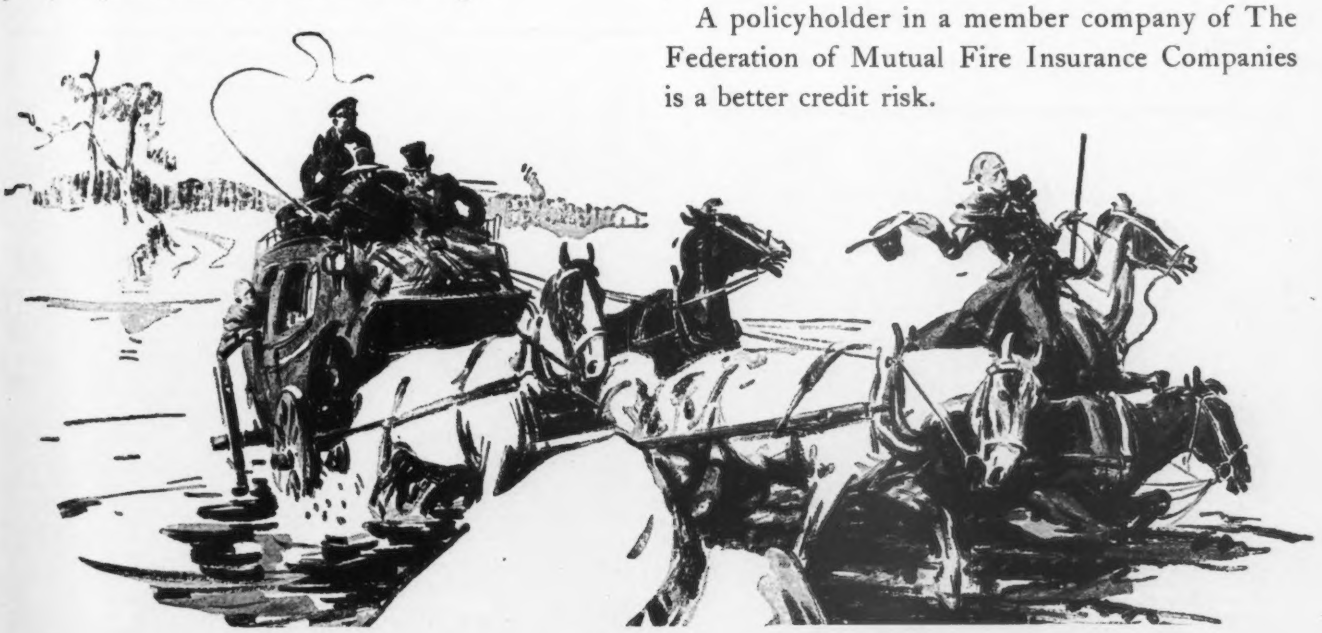
It is this group of companies who are members of The Federation of Mutual Fire Insurance Companies and are entitled to use the Mutual seal.

A policyholder in a member company of The Federation of Mutual Fire Insurance Companies is a better credit risk.



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INSURANCE

A Bulwark of Credit

• • This page, which is donated by one of its members, is used monthly by the Insurance Group of the National Association of Credit Men to foster a better understanding of insurance as an indirect guarantor of credit.

Approved by National Association of Credit Men

INSURANCE STATEMENT

IMPORTANT The insurance you carry has a direct and extremely important bearing on your financial standing. Excellent firms with normally adequate capital resources have had their financial standing seriously impaired or become actually insolvent because they were inadequately insured.

Please give below details of the insurance you carry. This should be useful to you not only because it will help your credit standing but also because it will enable you to review your insurance problem. Your insurance adviser can supply details of most of the information required.

The forms of insurance listed represent those most commonly in force in the average commercial business. **It should be clearly and definitely understood, however, that the mere fact of your carrying all these forms does not in itself prove that you are adequately insured.** You may need additional forms, or fewer, depending largely on the particular nature of your business. **These are points on which you should consult your insurance adviser.**

	BUILDINGS	CO-INS %	MACHINERY & FURN. & FIXT.	CO-INS %	MERCHANDISE	CO-INS %	USE & OCCUPANCY	CO-INS %
Fire	$		$		$		$	
Windstorm								
Explosion								
Riot								
Sprinkler Leakage								

If your insurance is the "Blanket" type, show total amount (followed by the word "Blanket") in the "Buildings" column.

Steam Boiler — Property Damage	$	Steam Boiler — Use & Occupancy	$
Machinery Breakdown — " "		Machinery Breakdown — " "	
Transportation — Domestic Shipments		Transportation — Ocean Shipments	
Interior Robbery		Payroll Robbery	
Safe Burglary		Stock Burglary	
Fidelity Bonds		Check Forgery	
Public Liability on Premises		Employers' Liability	
Elevator Public Liability		Products Public Liability	
Auto Public Liability (owned cars)		Auto Public Liability (non-owned cars)	
Auto Property Damage (owned cars)		Auto Property Damage (non-owned cars)	
Workmen's Compensation — Are all your employees included?	Yes No	Life Insurance (Payable to business)	
If you hold property of others is your liability insured?	Yes No	Does your Public Liability insurance cover construction work done on your premises?	Yes No
If you have assumed liability of others under any contract such as lease, has your Public Liability policy been extended to cover it?	Yes No	Have you made sure that all policies covering the same property or liability read alike?	Yes No

If you carry any other insurance list details below.

	$		$

Issued to ____________________ Issued by ____________________

Address ____________________ Address ____________________

Date ____________________ By ____________________ (title)

INSURANCE STATEMENT FORM

N.A.C.M. approved form. Procurable from the National Association of Credit Men, New York.

THE PROGRAM

1. To encourage a wider understanding among credit executives of insurance as a protector of sound credit.

2. To keep credit executives informed of the wide variety of insurance coverages which are available.

3. To promote the use of the official N.A.C.M. insurance statement form as a supplement to the financial statement.

Available Coverages

The following list is selective because of space limitations.

- Accounts Receivable
- Aircraft
  - Crash
  - Fire
  - Land Damage
  - Mooring
  - Theft
  - Windstorm
  - Aircraft & Motor Vehicle P.D.
- Automobile
  - Comprehensive
    - Fire
    - Theft
    - Flood
    - Public Liability
    - Tornado
    - Earthquake
    - Explosion
    - Riot
    - Aircraft Property Damage
    - Glass Breakage
  - Collision
  - Property Damage
    - Non-Ownership
    - Drive Other Cars
    - Hired Cars
  - Loss of Use
- Bailees Customers Floater
- Bridge Insurance
- Builders Risk
- Camera Floater
- Consequential Damage
- Contingent Liability—R.R. Sidetrack or Switch Lease
- Demolition
- Department Store Floater
- Disability Insurance
  - Individual
  - Group
- Dyers & Cleaners Floater
- Earthquake
- Electric Sign
- Engagement Ring Floater
- Equipment Floaters
- Errors & Omissions
- Exhibition Floater
- Explosion
- Extended Coverage
  - Tornado
  - Hail
  - Riot
  - Explosion
  - Smoke Damage
  - Aircraft & Motor Vehicle P.D.
- Extra Expense
- Fallen Building
- Fire
- Fine Arts Floater
- Flood
- Frost
- Fur Floater
- Furriers Customers
- Garage Keepers Liability
- Garment Contractors Floater
- General Floater
- Gold & Silverware Floater
- Golf Floater
- Gross Receipts Truckmen's Floater
- Gun Floater
- Hail Insurance
- Horse & Wagon Floater
- Installation Floater
- Installment Sales Floater
- Jewelers Block
- Jewelry—Fur Floater
- Laundry Floater
- Leasehold
- Life Insurance
  - Individual
  - Key Man (in a business)
  - Group (including disability)
- Live Stock Floater
- Malicious Mischief—Vandalism
- Manufacturers Output Floater
- Marine
  - Hull (various forms)
  - Cargo (various forms)
- Mortgage Interest
- Morticians Equipment Floater
- Motor Truck Cargo
- Motor Truck Merchandise Floater
- Motor Vehicle Property Damage
- Musical Instrument Floater
- Paraphernalia Floater
- Parcel Post Floater
- Patterns & Die Floater
- Personal Effects Floater
- Physicians & Surgeons Floater
- Profits & Commissions
- Public Liability
- Radium Floater
- Rain
- Registered Mail
- Rent—Rental Value
- Riot & Civil Commotion
- Safe Deposit Box
- Salesmens Sample Floater
- Scheduled Property Floater
- Scientific Instrument Floater
- Smoke Damage
- Sprinkler Leakage
- Sprinkler Leakage—Legal Liability
- Stamp Collectors Floater
- Stock Floaters
- Stock—Reporting
- Surety Bonds
  - (numerous forms of bonds)
- Theatrical Floater
- Tornado
- Tourist Baggage Floater
- Transportation Floater
- Trees, Shrubbery—Lawn Improvements
- Trip Transit Floater
- Tuition Fees
- Unearned Premium
- Use & Occupancy (various forms)
- War Risk
- Water Damage
- Wedding Presents Floater
- Windstorm

Members' Bulletin

Tentative "highlights" program for Credit Congress sessions:

1st International and 45th Annual NACM

As we go to press in April, this cannot by any means be complete but it will give some idea of what has been arranged and is being planned.

General Credit Congress Sessions:

The Credit Congress opens at 9:30 A. M. on Monday, May 20, when it is planned that addresses of welcome shall be delivered.

For the Federal Government—by a Canadian Cabinet Minister.

For the Province of Ontario—His Honor, the Lieutenant Governor.

For the City of Toronto—His Worship, Mayor Day.

CREDIT CONGRESS, Toronto, May 19-23

The general Convention Sessions will be held on Monday morning and afternoon, Tuesday morning, Wednesday morning, Thursday morning and afternoon.

A Few of the Featured Speakers:

James S. Carson, Vice-President, American and Foreign Power Corporation, New York.

Subject: "Western Hemisphere Arbitration and World Economic Readjustment."

The Venerable Archdeacon A. P. Gower-Rees, Montreal.

Subject: "World Commerce vs. World War."

Judge R. V. Fletcher, Vice-President and General Counsel, Association of American Railroads.

Subject: "The Relation to Business of Sound Transportation Policies."

E. Holt Gurney, President, Gurney Foundry Company, Ltd., Toronto.

Subject: "Should Business Men Enter Politics?"

Hugh Lawson, Director, York Knitting Mills Limited, Toronto.

Subject: "Post War Prices and Commercial Failures."

George E. Sokolsky, "Town Meeting of the Air," New York.

Author—"The Tinder Box of Asia," "Labour Fights for Power."

Subject: "Stability vs. Progress."

H. H. Heimann, Executive Manager, N. A. C. M.

Subject: "Credit: Symbol of Civilization."

Group Sessions:

Trade and Industry Group sessions will be held in the *afternoons* of Tuesday and Wednesday, May 21 and 22. The Congress will separate into some 30 groups for the purpose of hearing addresses and discussing problems of mutual interest to the industries concerned. These discussions will be international in scope and speakers will be provided from Association member firms and others, from each side of the Border.

Some of the Subjects to be Dealt with by Group Speakers Will Be:

The Credit Man and His Work.
Constructive Credit Department Assistance to Customers.
The Relationship of Credits and Advertising.
A Lawyer Looks at Collections.

Are the Present Credit Policies of our Industry Sound?
Terms of Sale—Methods of Enforcement—Terms Chiselling.
Eliminate the Rubber Stamp, or Effective Credit Management.
Can Salesmen be Trained to Collect Efficiently?
Credit Management Results.
The Credit Manager as a Key Executive.
The Credit Manager and His Relation to Company Finance.
Returned Goods.
Does Unwise Credit Produce Unfair Competition?
The Credit Manager as the No. 1 Salesman.
The Business Outlook in Our Industry.
Credit in its Relation to Sales Promotion.
A 1940 Credit Policy.
Requisites of a Successful Credit Policy from the Wholesale and Retail Standpoint.
Some Views on Credit Control.
The Influence of Earning Power on Credit Policy.
Financial Statements and Their Application to the Granting of Credit.
The Canadian View of Heavy Equipment "On Time" to Mine Operators.
Selling Marginal Accounts Safely.
Credit-Sales Department Cooperation.
Qualifications of Today's Credit Executive.
Payment Deferred.
Cooperation of Salesmen with Credit Department.
The Credit Executive in the Paper Box Industry.
Unemployment and Health Insurance—Its Principles and Practices in Great Britain.
Destructive Credit Department Practices.
Collecting Delinquent Accounts to Retain the Goodwill and Business of Customers.
Instalment Credit in the Jewelry Trade.
Why Encourage the Shoe String Account and the Dishonest Bankrupt in any Disguise?
Method of Recording Information for Credit Control.
The Canadian Foreign Exchange Control Board—its regulations and their effect upon the oil industry from the credit man's viewpoint, especially the interchange of credit card facilities between Canadian and United States Companies.

Special Meetings and Events:

Dinners—Luncheons—Breakfasts

Directors and Officers, National Association of Credit Men and Canadian Credit Men's Trust Association, Ltd.
New York Association of Credit Men and Eastern Division Associations.
Chicago Association of Credit Men and Central Division Associations.
Western and Pacific Coast Divisions.
The Robert Morris Associates.
Credit Women's Banquet.
The Royal Order of Zebras—Annual Roundup.
The Foreign Trade Luncheon.
The Insurance Group Luncheon.
The Public Utilities Group Luncheon.
The Pittsburgh Association Breakfast.
The Credit Women's Breakfast.
With many others now being planned.

Many of these events will be open to all registered delegates who may desire to attend.

Reception and Entertainment:

Sunday—Informal Reception—House of Friendship—Royal York Hotel.
Music in the hotel lobby.
Concert by celebrated artists, 9 P. M., the Concert Hall.
Monday—Presidents' Reception and Ball—Banquet Hall. Wilson's Marine Band. Pipers of the 48th Highlanders and specialty Scottish Dances.
Tuesday—Informal Dance—Royal York Roof Garden.
Wednesday—Buffet Supper Dance—Banquet Hall. Special entertainment features.
Thursday—Informal Dance—Royal York Roof Garden.

Special Entertainment for the Ladies:

Monday—2:45 P. M. Personally conducted shopping tour. Tea in the Round Room of Eaton's College St. store.
Tuesday—11:00 A. M. Sightseeing tour by motor bus. Luncheon at the Old Mill.
Wednesday—3:00 P. M. Bridge and Tea—The Royal York.
Anytime—During the week the Hostess Committee will escort special parties of visiting ladies to various points of interest.

General

All Committees, under the guidance of the Credit Congress Director, are now actively at work and it is evident that this will be an outstanding event. Registration of at least 2000 appears certain. *Get your applications for registration in at once. This will be very helpful to the Committees.*

Forward! - With the Favorable Forties!

1st INTERNATIONAL and 45th ANNUAL N. A. C. M. **Credit Congress**

Toronto, Canada, May 19-23, 1940

NEWS ABOUT CREDIT MATTERS

A section devoted to local Credit Association affairs

May, 1940

Copy deadline 15th of month

"NACM Day" at N. Y. World's Fair on May 25

Addiss Heads "C" Fraternity Fund

New York—Edward F. Addiss has been elected President of the Credit Fraternity Fund, Inc., by the Fund's Board of Directors, it was announced early in April. Choice of Mr. Addiss to head the organization completes the plans developed several months ago for helping unemployed credit men in this area to find work. Mr. Addiss is a former head of the 475 Club of this city, which organized the testimonial dinner last December, the proceeds of which provided the initial capital for the establishment of the Fund's operations. The dinner honored seven past NACM Presidents.

Other officers chosen in April were the following: *First Vice Pres.*, John L. Redmond, Crompton-Richmond Co., Inc., past Pres. of the New York CMA, and Vice Pres. of the NACM; *Second Vice Pres.*, Henry C. Scheer, American Woolen Co., and former Pres. of the 475 Club; *Third Vice Pres.*, Wm. H. Pouch, Pres. of the Concrete Steel Co., and former Pres. of the New York and National Assns.

The bureau which occupies space donated by the New York CMA is in care of Henry Meckauer, retired banker and former credit man, who is Secretary of the Fund. The post of Treasurer is held by Joseph Rubanow, Vice Pres., Manufacturers Trust Co., past Pres. of the New York CMA and the 475 Club, and Director of the NACM. James A. Stack, Stern & Stern Textile Importers, Inc., a past Pres. of the 475 Club, is Assistant Treasurer.

The original suggestion of the Fund came from Mr. Rubanow about a year ago, and its organization was immediately begun. Thus far the Fund's operations have provided assistance both in financial and occupational ways to qualified men of long experience.

1st International and 45th NACM CREDIT CONGRESS
Royal York Hotel—Toronto
May 19 to 23
Forward!—with the Favorable Forties!

New York—Strong interest is being revealed by credit executives in this area in particular and throughout the various local credit associations in the U. S. and Canada in connection with the recent announcement that "NACM Day" will be celebrated at the New York World's Fair on Saturday, May 25.

This will follow the closing of the first International and 45th Annual NACM Credit Congress at the Royal York Hotel, Toronto, Can., on Thursday, May 23rd. It is a sequel to last year's successful visit on the part of several hundred NACM members, following the closing of the Grand Rapids Credit Congress.

Details announced by H. S. Roberts of the NACM, 1 Park Avenue, New York, reveal that many firms are contracting for the special one-day ticket and will send their employees at that time. This ticket, which is available for $1.00—good only on May 25th—includes the following: Admission to the World's Fair; Admission to 5 concessions, of which you have a choice of American Jubilee; Ripley's Believe It or Not Odditorium; Dancing Campus; Mrs. Thorne's Miniature Rooms; Gay New Orleans; Morris Gest's Midget Town; The Perisphere; Gardens on Parade; 20—5 cent Discount Coupons, which Coupons can be used in any middle class restaurants, as for instance, on a 60 cent luncheon they will accept three 5 cent Coupons in part payment; admission in part payment to all amusements, or admission to the Dancing Campus which this year will charge 5 cents.

Full information on the above is available from Mr. Roberts.

Weir addresses local meetings in four cities

David A. Weir, Assistant Executive Manager NACM will be the featured speaker before local credit Association meetings this month in the following cities: May 11—Dayton, May 14—Detroit, May 15—Grand Rapids, May 16—South Bend.

Association Activities

Detroit:

At the Apr. 16 joint meeting of the Detroit ACM and the Detroit Assn. of Insurance Agents in the Detroit-Leland Hotel, Laurence E. Falls, Vice Pres., The American Insurance Co., Newark, N. J., discussed "Conservation Through Credit and Insurance."

Albany:

Following its annual custom the Eastern N. Y. ACM journeyed to Troy on Mar. 28 and at the Troy Club heard John O'Brien, Production Mgr., Cluett Peabody Co., Inc., discuss "Industry and Its Value to the Community."

St. Paul:

The annual election of officers and directors of the St. Paul ACM is scheduled to take place at the meeting on May 14. The nomination committee includes the following: *Chairman*: F. J. Herman, councilor, S. C. Brennom, G. A. L. Johnson, H. F. Toensing, George B. Walen and Alfred G. Hansen.

Johnstown:

The Johnstown branch of the Credit Assn. of Western Pa. held its annual membership meeting on April 18 at the Fort Stanwyx Hotel. Local Assn. Pres. Deane Hayes and Prof. Fitzgibbon were the guest speakers on the occasion.

Oklahoma City:

The annual election of the Oklahoma Wholesale Credit Men's Assn. was held at the Skirvin Hotel on Mar. 20. C. E. Lauhon, Credit Mgr., Baker-Hanna-Blake Co., was elected Pres. and J. Hoover, Credit Mgr., Carroll-Brough-Robinson Co. was elected Vice Pres. Hershel Sherman, John McNair, and J. R. McBrayer were elected Directors. Asa Schenck was selected as Counselor. After the election, M. D. Pemberton, Sec.-Mgr., conducted a Prof. Quiz program and Ford Harper, Mgr., State Chamber of Commerce, gave an address on "Industrialization of Oklahoma."

Newark:

The New Jersey ACM will hear Henry H. Heimann, NACM Executive Manager, at its annual dinner and installation of officers on May 14th at the Hotel Douglas. The occasion will also celebrate Past Presidents' Night. At the April 25th Credit Forum, Alexander Wall, Secretary, Robert Morris Associates, discussed "Economic and Trade Figures Underlying the Credit Decision." The previous evening the Credit Men's Bowling League Dinner was staged.

Albuquerque:

Following a recent decision of the local association Board of Directors, two meetings each month will be held. One of them will be a luncheon for credit discussions and the second an evening meeting with a special program. Officers of the association were chosen on April 18th, at which time Charles F. Baldwin, Manager, NACM Washington Service Bureau, was the guest speaker.

Amarillo:

The featured speaker at the March 14th meeting of the Tri-State ACM, at Amarillo, was Porter Underwood, prominent local attorney. He presented a review of the present bankruptcy act and its effect on commerce and industry. On April 19th the local association heard Charles F. Baldwin, Manager, NACM Washington Service Bureau.

El Paso:

In the third of his appearances in this area in April, Charles F. Baldwin, Manager, NACM Washington Service Bureau, presented a feature address before the luncheon meeting of the Tri-State ACM at the Hilton Hotel here on April 17th. Mr. Baldwin talked on Washington, D. C. developments and the current business situation.

Because . . .

during the summer months there is a relative lull in news activities among our local credit associations, the usual discontinuance of this special supplement section in "Credit and Financial Management" will be observed. This affects the Members' Bulletin, which carries national association items, and the News About Credit Matters section, which reports local association activities. They will both be resumed in the fall.

New Orleans:

The Quiz Parade and Association dinner of the New Orleans CMA was held at Arnaud's Restaurant here on April 11 and provided an evening of fun and education for the credit executives and their guests. The program was under the direction of R. A. Piske, chairman of the local entertainment and program committee.

Philadelphia:

The annual meeting of the Credit Men's Association of Eastern Pennsylvania was held here on April 25 in the Bellevue-Stratford Hotel. The local Association has inaugurated an interesting means of presenting its new members to the regular membership. In its monthly bulletin it now carries a page on which are printed pictures of the new members as well as a biographical sketch.

Bristol:

Kenneth H. Campbell, Director of the Foreign Department NACM, and Manager Foreign Credit Interchange Bureau addressed the Bristol, Conn., Lions Club here on April 10 on the subject, "Pan-American Trade."

St. Louis:

The forum meeting of the St. Louis ACM at the Hotel DeSoto on April 11th heard an after-dinner address delivered by R. G. Leavitt of Ralston Purina Company of St. Louis. Mr. Leavitt's subject was "Too Many Mousetraps." He is Manager of the Merchandising Department of his company.

Birmingham:

A letter writing course under the direction of Aline E. Hower of St. Louis was sponsored from April 22 through 26 by the Birmingham Chapter, NIC, of the local Association. On April 29 the 36th Anniversary Meeting of the Alabama ACM was held here at which the feature talk was presented by NACM Executive Manager Henry H. Heimann.

Bridgeport:

G. W. Patterson, General Credit Manager, American Cyanamid Co., New York was the featured speaker on April 9 at the dinner meeting of the Bridgeport ACM here in the Algonquin Club. Mr. Patterson discussed "Practical Experiences in Credit Procedure."

Cincinnati:

On April 18 Cincinnati credit men gathered in the Gibson Hotel for the annual free stag party which included the traditional Association election campaign, and a program of movies about baseball. A number of members of the Dayton ACM were also in attendance.

Rochester:

At its May meeting, the Rochester ACM will hear a feature address by NACM Executive Manager Henry H. Heimann. On April 10 the local organization heard Carveth Wells, explorer and lecturer, discuss "Six Years in the Malay Jungle."

New Britain:

The annual Connecticut State Conference will hold its sessions this year on June 4 at the Shuttle Meadow Country Club in this city. The Conference committee is under the chairmanship of H. W. Hatsing of the New Britain National Bank.

New Haven:

Annual elections of credit Associations affiliated with the Connecticut ACM were held as follows: Bridgeport—April 23; Hartford—April 23; New Haven—April 18.

Sioux Falls:

E. B. Moran, NACM Central Division Manager, addressed the Apr. meeting of the local Assn. His subject was "Is Credit Management a Profession?". Mr. Moran then presented 22 graduates with certificates recognizing the completion of their course in Credits and Collections.

While in Sioux Falls Mr. Moran also addressed the 35th anniversary meeting of the Agents of the Queen City Fire Insurance Co. Denny P. Lemen, who is Pres. of that company, is chairman of the Insurance Advisory Council of the Sioux Falls ACM.

Peoria:

The Peoria ACM held their annual meeting on Apr. 23 in the Jefferson Hotel. The following officers were installed for the coming year: *Pres.*, Oliver L. Ulrich, J. D. Roszell Co.; *Vice Pres.*, Joseph Mur-

phy, McElwee Packing Co.; *Treas.*, Harold L. Harsch, First National Bank; *Sec.-Mgr.*, Ernest L. LaBarr, Peoria ACM; *Asst. Sec.*, Edith M. Dunn, Peoria ACM. Following installation of officers and a short business meeting, Geo. Delaney showed some beautiful colored films of the New York World's Fair and a very interesting film about Finland.

Seattle:

Stephen F. Chadwick, past National Commander of the American Legion, was one of the two featured speakers at the Apr. dinner meeting of the Seattle ACM. He discussed "Public Credit and the American Legion." In the second talk of the evening, Ernest D. Clark, Exec. Sec., Assn. of Pacific Fisheries, spoke about "The Salmon Industry."

Two local assn. members were honored during the recent Northwest Credit Conf. at Bellingham when F. E. Clyde of The Paraffine Cos. and A. S. Porter of Sunset Electric Co., were chosen Pres. and Sec. of the Pacific Northwest CMA Council. The council selected Seattle as hosts for the 1941 conf.

Los Angeles:

Annual "Trade Group Night" of the Los Angeles CMA will be held on May 9. Eighteen trade groups have arranged individual displays at their tables for this occasion, and competition for the prize awarded the best table will be keen. After dinner a short business session will be followed by entertainment and dancing, according to Pres. Leon Rosenbaum, Consolidated Rock Products Co.

Sioux City:

At the joint meeting on Apr. 10 of the Interstate ACM, the Insurance Agents Exchange and the Real Estate Board of Trade, E. B. Moran, NACM Central Division Mgr., spoke on "Insurance in Relation to Credit."

Jackson:

The local Assn. Membership Committee, under the Chairmanship of L. H. Aubry, is laying plans for enlarging the present membership and has announced an offer of a $5.00 bonus to any present member bringing in a new member. The Assn. has also offered to pay the registration fee of any member attending the First International and 45th Annual NACM Credit Congress in Toronto, May 19-23.

Chattanooga:

Through the efforts of Paul J. Viall of the Chattanooga Medicine Company, who is Chairman of the Chattanooga ACM Publicity Committee, an excellent arrangement for publicity was developed last month when the Chattanooga News-Free Press began publication on a monthly basis of the complete text of the Monthly Business Review by the NACM Executive Manager, Henry H. Heimann. Though many local associations have arranged for use of excerpts, this is the first instance in which the entire review will be carried as a regular editorial feature. The newspaper's announcement in inaugurating this series stated that "The News-Free Press, in cooperation with the Chattanooga Association of Credit Men, has arranged to publish the monthly business review of Henry H. Heimann, executive manager of the National Association of Credit Men, regarded by many as the foremost business analyst of the United States."

Albany:

The Eastern New York ACM will hear Henry H. Heimann, NACM Executive Manager, make the principal address at its meeting here on May 6. On April 18 the Association was addressed by Ray Vir Den, Vice Pres., Lennen & Mitchell of New York. Mr. Vir Den spoke about modern advertising methods.

Syracuse:

Committee Chairmen announced for the coming year by newly-elected Assn. Pres. Cliff Heath include the following: *Membership*, Rod Wilder; *Program and Forum*, Bob Merrill; *Finance*, Harold Parks; *Educational*, Russ Coonley; *Legislative*, George Small; *Collections*, Walt Kunze; *Attendance*, Marv Pellenz; *Insurance*, Carm Murray; *Publicity*, Bill Kearney; *Credit Methods & Practices*, Lorne Camic.

The local Association will stage Past Presidents Night at its May 15 dinner meeting, at which time they will also honor the Credit Womens Group which was organized in 1937, as well as celebrating the Association's 35th anniversary since its birth in 1905. Henry H. Heimann, Executive Manager NACM, will be the guest speaker on this occasion.

Kansas City:

A program to promote better business by making this city and the surrounding area even more credit-minded was launched at a dinner on Thurs., Mar. 28, at the Muehlebach Hotel by the Kansas City ACM. Prominent in the program are the following: J. H. Moses, Pres., Kansas City ACM; E. N. Ronnau, 1st Vice Pres., Kansas City ACM; R. H. Kerns, Membership Chairman and 2nd Vice Pres. of the Assn.; J. B. Kerrigan, H. D. Poindexter Co.; Harry Wuerth, Commerce Trust Co.; Joseph Morrisey, De Coursey Creamery Co.; L. C. Smith, Sec., Kansas City, ACM.

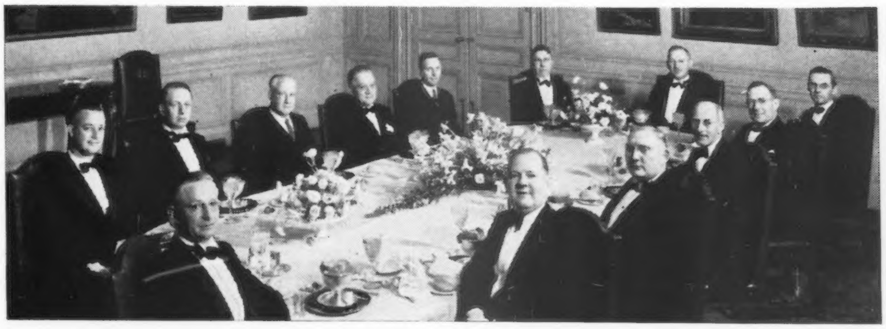
The program includes four points. Among these are a speakers' bureau to contact Assn. groups and civic organizations; a direct-mail campaign to tell the story of the national and local credit assns.; press publicity to present to the local newspapers at least one news item a month about the values of the Assn. to business and the general public; and radio and public appearance publicity which will feature a male double quartet composed of active credit men, under the guidance of Bryce D. Hill.

Buffalo:

The Credit Assn. of Western N. Y. heard Betty Wong discuss the Chinese-Japanese situation at its meeting in the Hotel Buffalo on Mar. 21. On Apr. 18, J. M. Davis of the N. Y. CMA discussed the "National Bankruptcy Act."

Cincinnati:

A review of "America's Balance Sheet" by NACM Ex. Mgr. Henry H. Heimann, was presented as the feature talk before the Mar. 19 Credit Club luncheon of the Cincinnati ACM here in the Sinton hotel.



Oakland honors Pres. Wells

On the occasion of the 15th Anniversary of the Wholesalers' Credit Association of Oakland, a dinner was given in the Bohemian Club in San Francisco in honor of the Association's past presidents. Special guests were the president, immediate past president and northern California director of the NACM. Above, seated at the head of the table (under picture) P. O. Pedersen, Remar Baking Co., President Wholesalers Credit Association. To his right, Chas. A. Wells, St. Joseph, Missouri, President National Association of Credit Men—Ray F. Buermann, Past Pres. Oakland, 1934—Dan I. Bosschart, San Francisco, Past Pres. NACM 1939—V. D. Stuart, Oakland Tribune, Past Pres. 1928—Ralph T. Fisher, American Trust Co., Past Pres. 1929—W. H. Mordy, Pacific Manifolding Book Co., Past Pres. 1931—O. J. Dempsey, Dempsey & Sanders, Past Pres. 1937—H. B. Scarborough, Johnson & Scarborough, Past Pres. 1935 and 1936—Lee W. Mallory, Standard Oil Company, Past Pres. 1932—Paul Pflueger, San Francisco, Director, National Association of Credit Men—Kenneth S. Thomson, Secretary-Manager, Wholesalers Credit Association.

Baltimore:

United States Senator H. Styles Bridges of New Hampshire addressed the Baltimore ACM at its annual meeting held May 2 at the Chesapeake Club. His subject was "The America I Want." The following officers will head the Association in the coming year: *Pres.,* W. E. Dodge; *1st Vice Pres.,* V. T. Douglas; *2nd Vice Pres.,* H. F. B. Kerr; *Treas.,* P. E. Belt; *Sec.,* Norman McKinney.

Pittsburgh:

New Member Day was featured on Mar. 19 by the Credit Assn. of Western Pa. with a discussion of "What the Association Is and Does For Business." The following took part in the presentation: Ross R. McCoy, Gulf Oil Corp.; Albert C. Supplee, U. S. Fidelity & Guaranty Co.; F. Deane Hayes, West Penn Power Co.; Byron A. Stump, Doubleday-Hill Electric Co.; F. Clyde Young, Westinghouse Air Brake Co.; H. M. Oliver, Exec. Mgr., Credit Assn. of W. Pa

Grand Rapids:

The annual meeting and ladies' night party of the Grand Rapids ACM, honoring all the past presidents of the local Assn., is scheduled to be held here at the Rowe Hotel on May 15. David A. Weir, Asst. Ex. Mgr., NACM, will be the featured speaker.

Kalamazoo:

An additional idea of the value of Credit Interchange reports was gained by the membership of the local Assn. at a recent meeting which was held under the direction of E. L. Sherk, Kalamazoo Vegetable Parchment Co. Using charts and regular Credit Interchange forms, Mr. Sherk explained the operations of Credit Interchange and how it saves money for the credit departments of firms. To prove the coverage he had kept a record of 50 direct inquiries coming into his firm's office. Of the 50, 17 were covered by Credit Interchange reports, none of which were over 90 days old. In addition the Assn. files had received reports on 15 others and Central Credit Interchange Bureau showed recent clearance on four more. Thus 72 per cent had been recently cleared, Mr. Sherk pointed out, and he then showed by charts and graphs the actual and potential losses and gains.

Wichita:

Hon. Henry J. Allen, former Gov. and U. S. Senator, delivered a constructive and comprehensive talk on the economics of South America at a recent meeting of the Wichita ACM. All who heard Mr. Allen learned much concerning the natural resources, business methods and the outlook for trade relations between South America and the U. S. Following this splendid talk, Mr. Allen was quizzed by a number of the members and many additional points were explained and clarified.

Boston:

Edward H. Thomson, Pres., The Federal Land Bank, Springfield, Mass., was the guest speaker at the dinner meeting of the Boston CMA on Apr. 9. He discussed "Financing New England Agriculture."

Credit Career

Jane Sweaf

New York—When past NACM Pres. D. I. Bosschart, looked in the direction of New York in 1939 for a Credit Woman Executive to head the National Credit Women's Executive Comm. for the unexpired term ending June 1939, he chose Jane Sweaf, who is the head of her own concern which is engaged in collection and adjustment work, and when NACM Pres. Charles A. Wells made his selections he reappointed Miss Sweaf for the term ending at the Toronto Credit Congress.

Like many other New Yorkers, Miss Sweaf is not a native, having been born in Detroit and spent most of her childhood in Saginaw, Mich. Interested from the beginning in the business world, she was able to grasp an opportunity despite a lack of commercial training and began to work for a piano concern. This meant reporting for duty at 6:45 each morning—six days a week—and enrolling in an evening school for the study of stenography and typewriting as well. She then joined the Medville Clark Piano Co. of Chicago to handle eastern and foreign distribution from its New York office. With her parents' blessing she came East but the big city held no obstacles to one whose work is extremely interesting. Between January 1911 and August 1931 she climbed the business ladder from stenography and bookkeeping to the office and credit managership, and finally became Treas. of the firm's eastern division, with such additional responsibilities as recordings by prominent artists. With the advent of radio the interest of the general public in player pianos declined and Miss Sweaf thereupon moved upward again and organized her own concern.

In 1918 she became an active member of the N. Y. CMA as representative of the Q. R. S. Music Co. and was an early member of the Credit Women's Group, serving as Chairman for three consecutive terms and co-organizer and first chairman of the National Association's Glee Club.

Other Assn. activities felt her influence as well. In 1929 she headed the Credit Women's Committee in the Fraud Prevention Fund Campaign. Later she was an organizer of the Helen R. Pouch Scholarship in Credits and Collections, which is now being sponsored by many Credit Women's Clubs throughout the country. Besides her service as Chairman of the National Credit Women's Exec. Comm. for the past year and part of the previous term, when she served out the unexpired portion of the 1938-39 season, Miss Sweaf has been active as a member of that committee since 1936. She will, of course, be particularly busy at the Toronto Credit Congress since many matters of importance will be on the agenda for the Credit Women Executives in attendance.

Zebraffairs

Los Angeles:

On Apr. 19 the Zebras under SuperZeb Bob Harrell, Quality Brands, Inc., were hosts to 600 guests at their 1940 Spring Dance at the Breakfast Club. During the evening Zebra pins were awarded seven new members of the Order.

Milwaukee:

Five lowly mules were initiated into the Milwaukee Herd, Chapter 19, ROZ, at the dinner meeting in the Hotel Schroeder on Mar. 25. They included: Leo Sorenson, Geo. Ziegler Co.; Art Eberhardt, A. E. Sielaff Paper Co.; Terry Turner, Phoenix Hosiery Co.; Roger Johnson, Pate Oil Co.; Al Schuetze, Employers Mutuals.

Pittsburgh:

The local Credit Women's Group and the Industry Credit Groups were invited to join the local herd ROZ at its April 20 get-together in Park Lodge. A program of entertainment and cards featured the occasion.

Promotions

Houston—J. Harold Bell, Pres., Houston ACM, and former Credit Mgr., Stahlman Lumber Co., has been promoted to Asst. Gen'l Mgr. of his company.

Atlanta—R. L. Clement, who for some time was assist. vice pres. in charge of the credit department, has been advanced to the post of vice pres. with the Citizens & Southern National Bank of this city. Mr. Clement is one of the youngest men ever to achieve an active vice presidential job in a major bank.

Pittsburgh—E. A. Schramko has been transferred to the general credit office of Standard Oil Co. of Pa. in Philadelphia where he will be assist. general credit manager. Mr. Schramko was an active member of the local petroleum group as credit manager and representative of his firm in this city. J. A. Baranet has succeeded to the credit manager post in Pittsburgh.

A. E. Miller, for several years Credit Mgr. of the Fort Pitt Supply Co., has been elected Sec.-Treas. of his company.

John L. Auch has been promoted to the position of Asst. Treas. of the Pittsburgh Coal Co. Mr. Auch will continue as Director of Credits in addition to his new responsibilities.

Richmond—Edw. F. Gee, State-Planters Bank and Trust Co., has been elected Asst. Cashier of his institution.

Detroit—L. E. Phelan, Sec. of the local Assn., was elected Pres. of the Detroit Trade Assn. Executives on Mar. 14. In the field of Assn. and Trade organizations, such recognition is a distinct honor.

Beatrice, Neb.—T. W. Boomer has been appointed Credit Mgr. of the Dempster Mill Mfg. Co., succeeding Mr. Harmon, deceased.

Pittsburgh—H. C. Liphart, R. C. McAteer Co., was elected to the position of Sec.-Treas. of his company on Mar. 26.

Obituary

James G. McDonald

Salt Lake City—A pioneer candy manufacturer passed away on Wednesday, March 27 in this city when James G. McDonald, 74, died after a four weeks illness of bronchial pneumonia. Mr. McDonald was active in many local and state organizations and was one of the founders of the Utah ACM, now known as the Intermountain ACM. During the NRA period he was administrator of the candy manufacturing industry in the 12th district. He is survived by a widow, three sons, three daughters, ten grandchildren, a brother and sister.

Fred S. Wattles

Sioux City, Ia.—Fred S. Wattles, former executive of the C. D. Hopper Furniture Co. of this city, died here early in April. He was one of the organizers of the Interstate ACM, and served twice as its Pres. in its early days, as well as Director on several occasions. He was well known to NACM members as a frequent attender at national conventions.

C. W. Lee

Seattle—A man prominent in the business and civic life of Seattle, and a member of the Seattle ACM for many years, was lost when C. W. Lee, Pres. of the Clint W. Lee Co., passed away in this city recently. His death was a distinct loss to his family, the Assn. and the city.

Fred S. Arnold

Boston—Fred S. Arnold, Treas. of the Boston CMA, and its Adjustment and Credit Interchange Bureaus, died on Mar. 31 at his home, 4 Dalrymple St., Jamaica Plain. Funeral services were held on Wednesday, April 3, at the Boylston Congregational Church. He is survived by his widow and one daughter. In the Boston CMA he represented the Ludlow Manufacturing and Sales Corporation. He was a director of the local Assn. from 1932-1938, inclusive, and Asst. Treas. of the local Assn. and its Adjustment and Credit Interchange Bureaus in 1937.

Fred C. Grimes

Mishawaka, Ind.—Fred C. Grimes, Treas. of the Mishawaka Rubber & Woolen Manufacturing Co., died on Mar. 23 here after a short illness. Death was caused by coronary thrombosis. He is survived by his wife, a daughter, a sister and two grandchildren. Burial was in the Fairview mausoleum. Mr. Grimes was a member of the Fellowship Club and the Ball-Bank Foremen's Club, as well as the South Bend ACM.

N. B. Young

Honolulu—N. B. Young, for many years Sec. of the Honolulu ACM, died suddenly on Mar. 8. He had retired during the summer of 1939, being succeeded at that time by Henry Helbush. He is survived by one daughter who resides in San Francisco, Cal.

Floyd Shaw

Oakland—Floyd Shaw who was affiliated with the Wholesalers Credit Assn. of Oakland in the capacity of accounting and office manager, died suddenly on Mar. 18 here. He is survived by his widow.

Creducation

Amarillo—In the first course offered by this newly organized Chapter in Credits & Collections, 29 have been enrolled.

Boston—At the first meeting of the spring season, Mar. 19, the speaker was Prof. John C. Scammell of Boston Univ.

Detroit—The Credit Women's Group are sponsoring a Scholarship in the Institute. A new Constitution and by-laws were adopted at the Apr. 9 meeting, when Adjust. Bur. Mgr. Wm. G. Starr covered the history and functioning of the Bureau.

Indianapolis—"I Was a Credit Man" was the subject offered at the top notch program at the Apr. 10 meeting. The speaker was J. F. McLaughlin of Indian Refining Co., formerly their credit mgr. for 17 years and now in sales work.

Louisville—At a recent Chapter meeting, G. C. Klippel, Cred. Mgr., Van Camp Hdwe. & Iron Co. in Indianapolis, talked on "Streamlining Your Credit Dept. Through Education." On Apr. 16 the Chapter held its annual spring dinner. E. B. Moran of Chicago spoke on "A Quarter Billion Dollar Racket," followed by a "Prof. I. Q. Quiz" Contest, floor show and music.

New York—The first "Credit Quiz" forum was so successful that the Chapter followed up with another at the Mar. meeting. The experts who participated were: David E. Golieb, International Hdkf. Co., as Quiz Master, assisted by Joseph Rubanow, V. P., Manufacturers Trust; A. Melville Jackman, Edmund Wright-Ginsberg; G. Earle Killeen, Brand & Oppenheimer; August J. Weiss, Lehigh Valley Coal Sales. At the Apr. 11 final forum, Eugene L. Van Houton of McKinsey, Wellington & Co., industrial engineers, spoke on "The Business Doctor." 500 members are in the Chapter's new roster.

Pittsburgh—The Chapter is being congratulated for its excellent booklet announcing the spring program. At the forum on Apr. 11, W. H. Christy, Cred. Mgr., Arbuthnot Stephenson Co., spoke on "Canons of Commercial Ethics."

Rochester—A full attendance at the final forum on Apr. 3 heard Carl H. Henrikson, Jr., NACM Director of Educ., talk on "Inflation and Its Relation to Credit."

St. Paul—The course in Problems of Credit Management has just been completed. Every member of the class who originally registered took the final examination and satisfactorily completed the course.

Salt Lake City—At the first Chapter meeting, Chauncey C. Call was elected Pres. Other officers are: *1st V. P.,* Virginia Pace; *2nd V. P.,* A. E. Shephard; *Sec.,* David Y. Rogers; and *Treas.,* Mr. DeKay. At the Apr. 10 meeting the Chapter heard Ray C. Wilson, 1st National Bank, talk on "The National Association of Credit Men." Registration in the Institute has reached a total of 52.

Spokane—The local Chapter has recently been organized with an enrollment of 27 students in the courses. Officers are: *Pres.,* Chas. Adams; *Vice Pres.,* Harold Lund; *Sec.,* Wm. Moore; *Treas.,* Robert Briscoe.

Tacoma—A good registration has been reported by the local Chapter. Courses are carried on in cooperation with the College of Puget Sound.

Our Distaff Side

Credit women plans at Toronto Credit Congress

A drawing for the National Scholarship Award at the Credit Women's dinner on Tues., May 21 during the Toronto Credit Congress has been announced. Earlier that day, the annual Credit Women's Breakfast will be held, being presided over by Jane Sweaf of New York, Chairman of the National Credit Women's Executive Comm.

Preceding this there will be an informal breakfast meeting on Monday, May 20, for the Presidents of all local Credit Women's Clubs and the members of the National Comm.

Plans announced by Chairman Sweaf for the Tuesday evening dinner at Toronto include word that a special table is being

reserved for the wives of Sec.-Mgrs. of local Assns. having Credit Women's Clubs.

Miss Bentley of NACM staff wins poetry honors

St. Louis—A unique distinction was accorded Catherine Bentley, a member of the staff of the NACM Central Credit Interchange Bureau in this city, when she was notified that one of her poems had been chosen for selection in the 1940 edition of the World's Fair Anthology of Poetry. Miss Bentley has previously been honored with inclusion of her verses in other recent anthologies of modern poetry. A native of Lincoln, Ill., she is the daughter of Mr. and Mrs. D. A. Bentley and a graduate of Lincoln H. S., Lincoln Business College, and Blackburn College in Carlinville, Ill. in 1937.

She has been with the NACM Bureau for two years. A representative sample of her verses is the following one entitled "Minuet".

Like a lovely lady
In a white ball-gown
Is our cherry tree tonight.
She's swaying in the breeze
To melodies that we
Cannot hear, but only see
Her movements as she sways and bends,
Pauses . . . and begins again
In the moonlight.

Pittsburgh:

Election of officers of the Pittsburgh CWC is scheduled for the May 13 meeting, with a reception for new officers listed for June 3. At the April dinner meeting, J. Wm. Theis, Pa. Mgr. of International News Service, spoke on "Behind the Scenes". A program of dance entertainment followed.

Detroit:

The annual Charity Bridge Party of the Detroit CWC was staged at the Statler Hotel on Apr. 6, the proceeds being divided between the Mercy Hall Cancer Clinic of Detroit and the education in credit work of one woman credit executive. On Apr. 16 the local group held a joint meeting with the Business and Professional Women's Club and the Zonta Club of Windsor, Ont., at which time they witnessed a program of films taken of the King and Queen of England on their 1939 tour of Canada and the U. S. Twelve members of the Club are expected to attend the Toronto Credit Congress, May 19-23. The Club is actively engaged in a membership drive at the present time.

Binghamton:

The Triple Cities CWC held a card party on Apr. 24 to raise money for the educational fund with which a permanent scholarship will be established. On Apr. 2 at the Binghamton Club the group heard Fred. D. Russell, Pres., Security Mutual Life Insurance Co. discuss "Something To Tie To."

Phoenix:

Alma Best, Stuckey Auto Supply Co., was chosen as first president at the recent organization meeting of the Credit Women's Club of Arizona. Mrs. Best is also a Director of the Wholesalers Credit Assn. of Arizona. As Sec. of the new club the members chose Goldie Cornell of the local Assn.

New York:

The moral phase of credit was stressed by Judge Jonah J. Goldstein in his talk at the monthly dinner meeting of the New York CWG on April 4th. A record turnout of members, as well as officers and directors of the New York CMA, were in attendance.

Announcement was made that applications for the Helen R. Pouch Scholarship are exceeding all past records and the interest shown by the applicants themselves, and the senior credit men and women on behalf of their assistants, is gratifying evidence of the benefits of such a Scholarship.

Pearl Rose Knoll, Group Chairman, was speaker at the Mar. dinner meeting of the New Jersey CWG. This Group is newly formed this year and Mrs. Knoll traced the beginnings of the New York Group and explained its organization and functioning as a guide for the New Jersey women, who, however, are making marked strides in their first year of organization.

Philadelphia:

"Women in Business" was the subject of the address by Mrs. Mary G. Roebling, Pres. of the Trenton Trust Co., when she appeared before the April 11th dinner meeting of the Philadelphia CWC. Mrs. Roebling is the only woman bank president in the East, and is also the only woman member as well as holding the post of Vice Chairman of the New Jersey Unemployment Compensation Commission.

Syracuse:

Alden Sherry, President of the Morris Plan Industrial Bank of Syracuse, was the guest speaker at the Syracuse CWG April dinner meeting. Mr. Sherry served with the 94th Squadron of the AEF air forces during the World War and is now a member of the local Advisory Council on Civil Aeronautics, which was the subject he discussed at the meeting. He is active in business, civic and banking circles in this city.

Under the chairmanship of Beatrice Millane, who was recently elected, a business meeting was also held. Other club officers are as follows: *Vice Chairman,* Miss Alice Kent; *Secretary,* Miss Dorothy Allen; *Treasurer,* Miss May Turner; *Editor,* Miss Marie Arnold; *Program Chairman,* Miss Charlotte Rissler; *Hostess Chairman,* Miss Katherine Kesel; *Attendance Chairman,* Miss Helen Austin; *Publicity Chairman,* Miss M. Margaret Long.

San Francisco:

At the regular monthly meeting of the local CWC on Apr. 10, the members heard an address by Josephine Taylor, Personnel Director, who chose the topic: "Personnel and Our Young Women of Today." Frances Corrigan Ferretta was selected as the delegate to represent the Club at the Credit Congress in Toronto.

Seattle:

New officers were chosen at the Apr. meeting of the Seattle CWC and Lyal Edwardsen of the Bridge Clinic, who was named Pres., was also chosen to represent the Club at the Toronto Credit Congress. The other officers who will be installed at the May meeting, together with Miss Edwardsen, are as follows: *Vice Pres.,* Ellen Sperry, Seattle First Nat'l Bank; *Sec.,* Aili Steinmetz, Truck Equipment Co.; *Treas.,* Verna Smith, A. Kristoferson Co.

Toledo:

At its second monthly dinner meeting the Toledo CWC heard Carl Bruns of The Merchants Credit and Adjustment Co., who also presented a motion picture made by the National Retail Credit Assn. which depicted the compiling of credit information on individuals. A program of music and singing under the direction of Mary Kay Becker was another feature of the evening.

Des Moines:

Another club was added to the growing list when on Mar. 29 the credit women of the Des Moines ACM organized here. Officers chosen to serve until Sept. 1941 are: *Pres.,* Eva Swanson, Beaver Valley Milling Co.; *Vice Pres.,* Gertrude Osheim, Lindfelt Mfg. Co.; *Sec.-Treas.,* Irene Ingersoll, Sidles Co. Committee chairmen are as follows: *Membership,* Ruth Rose, Des Moines ACM; *Entertainment,* Angie Warden, The Armand Co.

Newark:

Ella Saunders, Chairman of the Women's Division, New York Chapter, American Institute of Banking, outlined the progress of business women during the past 20 years before the April 9th meeting of the New Jersey CWC here at Loft's Restaurant. Mrs. Saunders pointed out that 11,000,000 women are now engaged in business in this country. The meeting was under the chairmanship of Roselyn Harrison of Mapes & Sprowl. The May meeting of the club will be held together with the annual dinner of the N. J. ACM to hear NACM Executive Manager Henry H. Heimann.

Minneapolis:

The MWCW Club met at the YWCA on April 11, with Harriet O'Brien, Cream of Wheat Company, President, presiding. After the dinner Florence Burton of the State Department of Labor and Industry spoke on "How Minnesota Meets its Labor Problems." Officers for the coming year were elected and the competitive examination for the Esther C. Parsons Scholarship was announced.

Ruth Hoctor, NACM Comptroller, honored

New York—A special honor was received by Ruth Hoctor, NACM Comptroller and Asst. Treas., when the Feb. 12 edition of the New York World-Telegram carried a biographical sketch, together with her picture, in its regular column on the women's page "The Fair Side of Business." The text which appeared follows. It was a signed article, written by Laura Hazard Brown.

"Miss Ruth Hoctor, Comptroller and Asst. Treas. of the NACM, holds a job that never before was held by a woman. It calls for keen handling of intricate figures, directing the entire accounting department of the Assn., passing on orders and bills, making out the financial statements and checking and paying the necessary social security taxes—all things that most women shun.

"In her business dealings the feminine Miss Hoctor comes in contact with bankers, manufacturers, jobbers and wholesalers. 'However, I don't find that femininity gets in my way at all,' she commented.

"Serving as stenographer for the company was her first real job after graduation from school, and before she knew it she was promoted to bookkeeper and then cashier. Two years ago, when her boss retired, she was moved into the position which she holds at present. She modestly insists, however, that any woman could do the same thing—given the opportunity.

"Oddly enough, she never liked bookkeeping at school and saw no reason for taking the course, certain that her knowledge never would be put to use. Stenography was her favorite study. Following her fast promotions, she returned to college for an accounting course and later tutored to keep step with her job.

"This young executive sounds a cheerful note for career girls interested in her profession. "'I think men have gotten over the idea that women should not hold this type of job,' she commented. 'I find them very nice and cooperative.'"

Position Wanted

Credit Executive with 20 years credit experience and office management desires connection with jobber or manufacturer. Can secure additional business with minimized losses. Record in collections. Good accountant and office manager. Capable of handling large staffs. For full information address Box 51, Credit and Financial Management, 1 Park Ave., New York.

Industry Group Programs at Toronto Credit Congress

(*Continued from p.* 24)

cago, Ill.; J. W. Roberts, Vick Chemical Co., Wilmington, Del.

Under the able leadership of Chairman Rodriguez and his Committee, seven topics will be presented covering as many phases of credit problems and activities in the drug and chemical industry: "The Credit Manager as a Key Executive," P. H. Jay, Canadian Kodak Co., Ltd., Toronto, Ont.; "Increasing Cedit Department Efficiency," J. Stanley Thomas, Secretary, Credit Men's Association of Eastern Pennsylvania, Philadelphia, Pa.; "Credit Management Results," Chas. F. Crumpton, Yardley & Co., Ltd., Toronto, Ont.; "How Should I Say It?", Dr. Wilbur K. McKee, Associate Professor of Business English, New York University, New York, N. Y.; "Credit Ballast," T. Alfred Fleming, Director of Conservation, National Board of Fire Underwriters, New York, N. Y.; "Credit and Sales Department Cooperation," H. W. Milette, General Credit Manager, Nyal Company, Detroit, Mich.; Open Forum—"Credit Interchange As an Index," led by Ira O. Fash, Allen B. Wrisley Co., Chicago, Ill.

Electrical & Radio

Chairman: W. F. Moor, Graybar Electric Co., Detroit, Mich.

Vice-Chairmen: A. I. Simmons, Canada Wire & Cable Co., Ltd., Toronto, Ont. Hoyt B. Smith, Car Parts Depot, Inc., El Paso, Texas.

Committee: Howard S. Almy, Collyer Insulated Wire Co., Pawtucket, R. I.; R. M. Wilder, Pass & Seymour, Inc., Syracuse, N. Y.

An unusual feature of this program will be a quiz session conducted by R. M. Rice, Manning, Bowman & Co., Meriden, Conn. Other topics which will be presented are "The Credit Man and His Relation to Company Finances," Byron Haddy, Canadian General Electric, Ltd., Toronto, Ont.; "The Returned Goods Problem," J. McNair, Stromberg-Carlson Telephone Manufacturing Co. of Canada, Ltd., Toronto, Ont.; "Economic Problems in our Industry"—a panel discussion.

An industry luncheon is scheduled for Wednesday at 12:30 P. M.

Fine Paper

Chairman: Lee H. Vaughn, The Dudley Paper Co., Lansing, Mich.

Vice-Chairman: Ed. G. Holmes, C. P. Lesh Paper Co., Indianapolis, Ind.

Committee: C. D. Hardman, The Alling & Cory Co., Pittsburgh, Pa.; B. E. McJilton, Butler Paper Co., St. Louis, Mo.; Gene Roberts, Birmingham & Prosser Co., Kansas City, Mo.

Chairman Vaughn's program will include "Does Unwise Credit Produce Unfair Competition?", Miss Olive A. Ottaway, Secretary, Toronto Graphic Arts Association, Toronto, Ont.; "The Credit Manager As the No. 1 Salesman," A. R. Martin, Jr., Bradner Smith & Co., Chicago, Ill.; "Does Fine Paper Credit Control Really Restrain Trade?", L. E. Phelan, Secretary-Manager, Detroit Association of Credit Men, Detroit, Mich.; Open Forum—"Current Credit Department Problems."

An outstanding speaker will also talk on Wednesday on the subject, "Are Today's Fine Paper Credit Policies Meeting Today's Needs?", and there will be an open forum on "Recent Trends in Allowance of Cash Discount."

Food Products & Allied Lines Manufacturing

Chairman: Frank H. Wheat, Federal Match Sales Corp., New York, N. Y.

Vice-Chairmen: A. P. Brigham, Jr., Pet Milk Sales Corp., St. Louis, Mo.; W. A. Wagner, Colgate-Palmolive-Peet Co., Ltd., Toronto, Ont.

Chairman Wheat announces the following program for Tuesday afternoon; "The Credit Manager as the No. 1 Salesman," J. J. Page, General Manager, Western Canada Flour Mills, Ltd., Toronto, Ont.; "The Business Outlook in Our Industry," A. B. Rhodes, Sheriff's, Ltd., Toronto, Ont.; "Position of the Small Wholesaler in the Future in Our Industry" and "Field Warehousing in Our Industry from the Viewpoint of the Banker." Speakers will be announced shortly who will cover the last two subjects listed.

An industry luncheon is scheduled for Wednesday at 12:30 P. M., and the entire afternoon will be devoted to a discussion of accounts. This feature of the program is the same as at the last year's Credit Congress and has proved extremely interesting.

Food Products & Confectionery Wholesalers

Chairman: Frank H. Gudgeon, Hills Bros. Coffee, Inc., Minneapolis, Minn.

Vice-Chairmen: John P. Cullinan, Sawyer Biscuit Co., Chicago, Ill.; I. H. Raunick, Fairmont Creamery Co., Buffalo, N. Y.; E. A. Reading, Canada Dry Ginger Ale, Ltd., Toronto, Ont.

Many interesting and worth-while subjects have been scheduled by Chairman Gudgeon and his committee. A. L. McWilliams, M. C. I., Kelly, Douglas & Co., Vancouver, B. C., will talk on "Credit in Its Relation to Sales." "Handling Marginal Accounts During Peak Periods," will be presented by J. E. Ledbetter, Northrup King & Co., Minneapolis, Minn.; "Special Credit Department Problems," T. B. Hendrick, Secretary, Collins-Dietz-Morris Co., Oklahoma City, Okla.; "The Credit Executive as a Salesman," J. E. Sullivan, The Quaker Oats Co., Peterborough, Ont.; "Do Low Losses Make a Successful Credit Manager?", Willard Williams, Francis H. Leggett Co., Buffalo, N. Y.; "Constructive Credit Department Assistance to Customers" H. E. Howland, President, Fargo Bakery Co., Fargo, N. D.; "Credit Groups—Their Functions and Benefits," Kenneth Wall, Pillsbury Flour Mills Co., Buffalo, N. Y.

A speaker to be announced later will talk on the important and timely subject "Federal Surplus Commodities Corporation Food Stamp Plan."

Footwear

Chairman: E. J. Ball, Brown Shoe Co,. St. Louis, Mo.

Vice-Chairmen: Frank C. Knapp, Endicott-Johnson Corp., Endicott, N. Y.; R. S. Shannon, Weyenberg Shoe Mfg. Co., Milwaukee, Wisc.

Chairman Ball has selected several interesting subjects including the following, which will be presented for open forum discussion: "Credit Managing a Shoe Credit Department"; "Collection Methods and Procedure"; "What Can We Do About the 'Returned Goods' Evil?"; and "Are You Selling Terms?".

Furniture, Floor Covering, and Home Furnishings

Because of the limited attendance anticipated, it was not felt advisable to schedule a meeting. Members of the industry who are registered at the Credit Congress are cordially invited to attend and take part in any of the other industry meetings which they feel will be of interest to them.

Hardware Manufacturers

Chairman: Willard Becker, Norton Door Closer Co., Chicago, Ill.

Vice-Chairmen: C. C. Hyatt, General Steel Wares, Ltd., Toronto, Ont.; Harry C. Jackson, American Hardware Corp., New Britain, Conn.

Committee: H. G. Harris, Standard Tool Co., Cleveland, Ohio; C. R. Kierstead, J. Wiss & Sons Co., Newark, N. J.; S. C. Munroe, Henry Disston & Sons, Inc., Philadelphia, Pa.

Among the outstanding subjects scheduled for this industry are, "A 1940 Credit Policy" by Homer S. Marion, Reading Anthracite Canadian Co., Ltd., Montreal, Que.; "Financial Statements—Are They Imperative As a Basis of Credit Extension?" by H. H. Hummel, National Screw & Manufacturing Co., Cleveland, Ohio. C. F. Baldwin of the Washington Service Bureau of the N. A. C. M. will discuss the operation and activities of his Department.

Another important feature will be a report on the Bad Debt Loss Survey which has been in process of compilation during the past sixty days.

Chairman Becker will shortly announce a number of other talks which will be presented on his program.

Hardware Wholesalers

Chairman: J. G. Holland, Moore-Handley Hardware Co., Birmingham, Ala.

Vice-Chairmen: H. Dickinson, D. H. Howden & Son, Ltd., Toronto, Ont.; F. M. Ley, Supplee-Biddle Hardware Co., Philadelphia, Pa.

Committee: A. H. Heath, Hunt & Mottet Co., Tacoma, Wash.; G. C. Klippel, Van Camp Hardware & Iron Co., Indianapolis, Ind.; R. E. Weesner, Richards-Conover Hardware Co., Kansas City, Mo.

Chairman Holland's program will open with an address on "Requisites of a Successful Credit Policy from Wholesale and Retail Standpoint" by I. A. McNabb, M. C. I., Glidden Co., Ltd., Toronto, Ont., followed by "Qualifications of Today's Credit Manager," G. C. Klippel, Van Camp Hardware & Iron Co., Indianapolis, Ind.; "Credit Interchange," Roy A. Colliton, Director, Credit Interchange Bureau Department, N. A. C. M., St. Louis, Mo.; "Are Present Credit Policies of Our Industry Sound?", W. O. Matthews, Wholesale Hardware Association, Toronto, Ont.; "Membership," Dan I. Bosschart, Eng-Skell

Co., San Francisco, Calif.; "Interesting Experiences of a Credit Manager," C. S. Fensom, Watkins Cottrell Co., Richmond, Va.; "What You Can Expect from Your Credit Association," S. J. Schneider, Louisville Credit Men's Association, Louisville, Ky.

The last item on the program for Wednesday afternoon will be an open forum during which every one in attendance will be given an opportunity to present their particular problems and ideas for discussion.

Insurance

Chairman: Don Campbell, Continental Insurance Co. of N. Y., Chicago, Ill.

Vice-Chairmen: Raymond L. Ellis, Fireman's Fund Insurance Co., San Francisco, Calif.; T. Alfred Fleming, National Board of Fire Underwriters, New York, N. Y.; J. Dillard Hall, United States Fidelity & Guaranty Co., Baltimore, Md.; Ambrose B. Kelly, American Mutual Alliance, Chicago, Ill.; H. J. Lowry, Michigan Mutual Liability Co., Detroit, Mich.

Secretary-Treasurer: H. G. McClure, Lumberman's Mutual Casualty Co., Chicago, Ill.

The meeting will convene at 10:00 on Tuesday and continue throughout the day, with luncheon at 12:30.

Laurence E. Falls, American Insurance Company of Newark, New Jersey, Ambrose B. Kelly, American Mutual Alliance, Chicago, and T. Alfred Fleming, National Board of Fire Underwriters, New York City, are scheduled for addresses. Mr. Kelly will talk on "What the Insurance Man Should Know About Credit," and the subject of Mr. Fleming's address will be "The Keystone of Credit."

E. B. Moran, National Association of Credit Men, Chicago, will speak on "Credit Association Contacts." An outstanding Canadian speaker who will present the subject "The Canadian Insurance-Credit Situation" is being secured.

A report will also be made on the "Fact-Finder" and Insurance Statement Form.

Iron and Steel

Chairman: W. E. Woollenweber, Wheeling Steel Corp., Wheeling, W. Va.

Vice-Chairmen: J. L. Brayley, Samuel Son & Co., Ltd., Toronto, Ont.; S. C. Brennon, Paper Calmenson & Co., Inc., St. Paul, Minn.

Committee: J. H. Early, Truscon Steel Co., San Francisco, Calif.; C. T. Siebert, Jr., Carnegie-Illinois Steel Corp., Pittsburgh, Pa.; O. B. Tearney, Inland Steel Company, Chicago, Ill.

Chairman Woollenweber announces a full and interesting program, including: "Credit Department Procedure," E. P. Foley, Republic Steel Corp., Cleveland, Ohio; "Money Rates Versus Cash Discount," D. A. Weir, National Association of Credit Men; New York City; "Inventory Control by Credit Management," J. N. Moylan, American Steel & Wire Co., Chicago, Ill.; "What the National Association of Credit Men Can Do for the Steel Industry," E. B. Moran, National Association of Credit Men, Chicago, Ill.; and "Influence of Earning Power on Credit Policy," J. Langley, Drummond, McCall & Co., Ltd., Montreal, Que.

There will be an industry luncheon at 12:15 P. M. on Tuesday.

Jewelry and Giftware

Chairman: R. E. Day, Bulova Watch Co., Ltd., Toronto, Ont.

Sales on installment in the jewelry industry now comprise an important percentage of sales volume. The timely subject "Installment Credit in the Jewelry Trade" will be presented by Adam Purves, The Levy Bros. Co., Ltd., Hamilton, Ont.

Chairman Day will announce other speakers in the near future.

Machinery and Supplies

Chairman: R. H. Ryan, Pratt & Whitney, Hartford, Conn.

Vice Chairmen: Oscar Iber, O. Iber Co., Chicago, Ill.; W. Jeanes, Canadian Fairbanks Morse, Ltd., Toronto, Ont.; J. V. Marron, Yale & Towne Mfg. Co., Philadelphia, Pa.

Committee: E. B. Gausby, Warner & Swasey Co., Cleveland, Ohio; Wm. T. Siddall, Brown & Sharpe Mfg. Co., Chicago, Ill.

Chairman Ryan and committee have prepared an excellent program which includes the following formal presentations: "Prevailing Distribution Policies and their Effect Upon Credit Structure" by Howard S. Almy, Collyer Insulated Wire Co., Pawtucket, R. I.; "Financial Statements and their Applications to the Granting of Credit" by B. L. Murphy, Link Belt Co., Toronto, Ont.; "Credit on European Sales" by E. B. Gausby, Warner & Swasey Co., Cleveland, Ohio; "Cash Discounts Should be Abolished" by L. H. Bachner, Chicago Molded Products Co.; "Are You Operating in Various States?" by A. B. Sturtz, Joslyn Mfg. & Supply Co., Chicago, Ill.; "Fraud in Commercial Business" by Roy A. Foulke, Dun & Bradstreet, Inc., New York, N. Y.; "Problems of Conditional Sales" by B .W. Willard, Creamery Package Mfg. Co., Chicago, Ill.; and "The Canadian View of Heavy Equipment on Time to Mine Operators" by H. R. Byrd, Canadian Ingersoll-Rand Co., Ltd., Toronto, Ont.

Many other topics will be covered in open forum discussion if time permits, including: "Taxes Constitute A Covered Liability"; "Consignment Accounts"; "Do You Interest Yourself in Bankruptcies?"; "We Will Pay You When the Government Pays Us"; "Educational Orders"; "C. O. D. Shipments"; and "Charges on all Drafts."

Meat Packing

Chairman: R. A. Carrier, Agar Packing & Provision Corp., Chicago, Ill.

Vice-Chairmen: F. W. Black, Swift

& Co., So. San Francisco, Calif.; Cyril Hayes, J. M. Schneider & Sons, Ltd., Kitchener, Ont.

S. G. Brock, Canada Packers, Ltd., Toronto, Ont., will extend greetings to visiting members of the meat packing industry and will also talk on "Some Views on Credit Control."

Other interesting talks which have been scheduled include: "Selling Marginal Accounts Safely" by J. H. Dever, Swift Canadian, Ltd., Toronto, Ont.; "Credit-Sales Department Co-operation" by John Tee, Fowlers Canadian Co., Ltd., Hamilton, Ont.; "Qualifications of Today's Credit Executive" by E. J. Smith, The Whyte Packing Co., Ltd., Stratford, Ont.

Chairman Carrier will conduct an open forum on topics to be announced later.

Paint, Varnish, Lacquer & Wallpaper

Chairman: H. E. Rhell, John T. Lewis & Bros. Co., Philadelphia, Pa.

Vice-Chairman: J. R. McKeown, The Lowe Bros. Co., Ltd., Toronto, Ont.

Committee: Wm. L. Lang, Devoe & Raynolds Co., Inc., Brooklyn, N. Y.; Dwight Sherburne, A. Burdsall Co., Indianapolis, Ind.; John E. Charles, United Wallpaper Factories, Inc., Chicago, Ill.

Chairman Rhell, who is also chairman of the credits and collections committee of the National Paint, Varnish, and Lacquer Association, presents a program which will be of interest to all divisions of the paint and wallpaper industry. The Tuesday afternoon session will open with a message from Ernest T. Trigg, President, National Paint, Varnish, and Lacquer Association, Washington, D. C.

Mr. Trigg's address will be followed by: "Cooperation of Salesmen with Credit Department" by Claud Faux, Staunton's Ltd., Montreal, Que.; "Constructive Credit Department Assistance to Customers" by Wm. L. Lang, Devoe & Raynolds Co., Inc., Brooklyn, N. Y.; "Are the Present Credit Policies of Our Industry Sound?" by Edw. F. Graffenberger, Pittsburgh Plate Glass Co., Milwaukee, Wis.; "Selling Marginal Accounts Safely" by Graham H. Rothweiler, Murphy Varnish Co., Newark, N. J.; "Payment Deferred" by D. A. Whittaker, Sherwin - Williams Co., Ltd., Montreal, Que.; "Present Day Credit Problems of Our Industry from a Legal Angle" by Mitchell M. Shipman, Counsellor at Law, New York, N. Y.; "Interesting and Unusual Experiences of a Credit Manager," John E. Charles, United Wallpaper Factories, Inc., Chicago, Ill.; "Financial Statements—Are They Imperative as a Basis of Credit Extension?" by Ralph I. Routzahn, Indianapolis Paint & Color Co., Indianapolis, Ind.; and "Our Most Important Credit Problem for 1940" by John G. Stoehr, Jr., Watson-Standard Co., Pittsburgh, Pa.

Mr. Rhell will close the Wednesday afternoon session with a presentation on "How Can Your National Credit Committee Best Serve Our Industry?".

There will be an industry luncheon at 12:30 P. M. on Wednesday.

Paper Products and Converters

Chairman: R. L. Burry, Wayne Paper Box & Printing Corp., Ft. Wayne, Ind.

Vice-Chairmen: H. S. Reid, E. S. & A. Robinson, Ltd., Toronto, Ont.; E. Wylie, Container Corp. of America, Chicago, Ill.

Committee: H. W. Tuttrup, Northern Paper Mills, Green Bay, Wis.; P. A. Hennessee, Inland Container Corp., Indianapolis, Ind.

The program for this industry is rapidly taking form under the able leadership of Chairman R. L. Burry.

A. L. Moore, A. D. Schoup Co., Ltd., Toronto, Ont., will speak on "The Credit Executive in the Paper Box Industry." G. T. Molton, E. S. & A. Robinson (Canada) Ltd., Toronto, Ont., will speak on "Unemployment and Health Insurance; Its Principles and Practices in Great Britain."

An open forum is scheduled for Wednesday afternoon with Dan Jackson of Eddy Paper Corp., Chicago, Ill., as discussion leader.

Petroleum Refiners

Co-Chairmen: H. E. Butcher, Cities Service Oil Co., Chicago, Ill.; Wm. Stockton, The Atlantic Refining Co., Philadelphia, Pa.

Vice-Chairmen: H. L. Hampton, The Texas Co., Chicago, Ill.; H. E. Hartline, Standard Oil Co. of Calif., San Francisco, Calif.; R. R. McCoy, Gulf Oil Corp., Pittsburgh, Pa.; W. Ralph Roberts, British American Oil Co., Ltd., Toronto, Ont.

This year's meeting under the joint chairmanship of Messrs. Butcher and Stockton promises to be an outstanding success. A much larger attendance, particularly from the eastern section of the country is anticipated, since the eastern refiners, who have heretofore held a district meeting in the spring months, have decided to combine it with the meeting of the industry at Toronto.

R. A. Price, Cities Service Oil Co., Ltd., Toronto, Ont., will speak on "Constructive Credit Department Assistance to Customers," while the subject "The Canadian Foreign Exchange Control Board" will be presented by M. P. McIndoo, Sun Oil Co., Ltd., Toronto, Ont. A number of open forum discussions are planned including: "Cash Discounts and the Robinson Patman Act"; "Credit Problems Arising from Transport Deliveries to Dealers"; "Report of Progress on St. Louis Plan"; "Methods of Reducing Old Accounts While Selling Currently"; "Controlling Credit Violations," and "Fuel Oil Credit Problems—(a) Degree Day System, (b) Route System."

There will be an industry luncheon at 12:30 P. M. on Tuesday.

Plumbing and Heating

Chairman: John T. Brown, Jr., Hajoca Corp., Philadelphia, Pa.

Vice-Chairmen: R. L. Griffiths, International Heater Co., Utica, N. Y.; J. S. Roberts, Trane Co. of Canada, Ltd., Toronto, Ont.

Committee: E. C. Booth, Lennox Furnace Co., Syracuse, N. Y.; L. L. Daugherty, Crane Co., Wichita, Kansas; F. G. Phillips, Globe Machine & Supply Co., Des Moines, Iowa.

The subjects which Chairman Brown has scheduled are of direct and immediate interest to credit executives of the industry. They include: "Are the Credit Policies of Our Industry Sound?" by W. W. Goforth, Canadian Institute of Plumbing and Heating, Montreal, Que.; "Present Day Credit Problems" by J. A. Ritchie, Crane Co., Cleveland, Ohio. Professor J. Parkinson of University of Toronto will also make an address on a subject to be announced later.

A very interesting forum on "Branch House Credit Management" will be conducted by A. W. Swan, General Credit Manager, American Radiator & Standard Sanitary Corp., Pittsburgh, Pa. Two other open forums are planned with subjects and speakers to be announced later.

Public Utilities

Chairman: H. J. Offer, The Detroit Edison Co., Detroit, Mich.

Vice-Chairman: J. V. Naber, Buffalo Niagara Electric Corp., Buffalo, N. Y.

Committee: R. V. Peterson, Puget Sound Power & Light Co., Seattle, Wash.; W. R. Seidel, Rochester Gas & Electric Corp., Rochester, N. Y.; E. A. Smith, New Orleans Public Service, Inc., New Orleans, La.

The program given here for the public utilities group meetings, has been arranged by the planning committee and the officers of the public utilities group. As these men are active in credit and collection work, they are well qualified to select instructive and interesting subjects for papers and discussions.

Utility companies can therefore be assured that the representatives which they send to the Congress should acquire new ideas and plans for improving collection and credit systems, as well as learn of methods and policies which will establish better public relations.

The speaker assigned to each of the subjects was chosen because he has made a thorough study of that particular subject.

Four sessions are planned, for Monday, Tuesday, Wednesday and Thursday afternoons. The Monday session will open with an address of welcome by E. M. Ashworth, Toronto Hydro-Electric System, Toronto, Ont., and will be followed by: Report of Planning Committee by Chairman H. S. Hahn, The Ohio Fuel Gas Co., Columbus, Ohio; "Analysis of a Financial Statement"—As Tied in with the Public Utility Business"—paper; and "Collection Results Obtained by a Change in Company Policy and a Better Understanding with the Public" by J. F. Cook, Windsor Utilities Commission (Hydro Division), Windsor, Ont.

The following subjects are scheduled for Tuesday: "Job Evaluation" by G. J. Maxwell, Canadian Kodak Co., Ltd., West Toronto, Ont.; "Appliance Sales: Terms, Collections & Repossessions" by P. S. Gavin, Commonwealth Edison Co., Chicago, Ill.; and "What the Management Expects of Its Credit & Collections Department" by C. S. Rowe, Consumers Power Co., Jackson, Mich.

On Wednesday, E. A. Smith, New Orleans Public Service, Inc., New Orleans, La., will talk on "Plan for Training Employees of Credit & Collection Department." A paper will also be presented on "Better Letter Writing and Correspondence in General." These formal presentations will be followed by a general discussion of any and all credit collection problems which those in attendance desire to present.

The entire Thursday afternoon session will be devoted to discussion and summary of answers received from over fifty utility companies in response to questionnaires covering the following subjects: "Collection Letters"; "Organization Problems of Credit and Collection Department"; "Employee Relations"; "Training of Collection and Other Credit Department Employees"; "Customer Relations"; and "Electric Home and Farm and Other Dealers."

Stationery, Publishing, School and Office Supplies

Chairman: F. H. Ellins, Ryerson Press, Ltd., Toronto, Ont.

Chairman Ellins has scheduled two formal talks for Tuesday: "Qualifications of Today's Credit Executive" by F. C. Shofield, W. J. Gage Co., Ltd.,

Toronto, Ont.; and "Collecting Delinquent Accounts to Retain the Good-will and Business of Customers" by C. J. Dutton, Luckett Loose Leaf, Ltd., Toronto, Ont. There will be a detailed discussion following each presentation, and in addition time will be allowed for an open forum discussion of general credit problems.

Textile

Chairman: Nash S. Eldridge, J. P. Stevens & Co., Inc., New York, N. Y.

Vice-Chairmen: Ely Callaway, Callaway Mills, La-Grange, Ga.; Lloyd Vanbuskirk, Chipman-Holton Knitting Co., Ltd., Hamilton, Ont.

Chairman Eldridge announces a one-day program for Tuesday afternoon. There will be a number of speakers of high caliber which will certainly command the interest of all members of the industry. Among the subjects to be presented are: "The Problem of the Embarrassed Debtor—Then and Now" by Mortimer J. Davis, New York Credit Men's Association, New York, N. Y.; "Method of Recording Information for Credit Control" by John E. Hurst, Toronto Carpet Mfg. Co., Ltd., Toronto, Ont.; "Destructive Credit Department Practices" by Norman Fyffe, Mercury Mills, Ltd., Hamilton, Ont.; "Why Encourage the Shoe String Account and the Dishonest Bankrupt in Any Disguise?" by D. J. H. Ferguson, M. C. I., Holeproof Hosiery, Ltd., London, Ont.; and "The Operation of Section 88 of the Canadian Bank Act" by G. M. Willoughby, K. C., Barrister, Toronto, Ont.

U. S. Tourists Flock Over Canada's Borders

The Dominion Bureau of Statistics has made available to The Royal Bank of Canada statistics showing the number of cars entering Canada from the United States classified according to the State of registration. The information as collected does not give the origin of cars coming into the country for less than forty-eight hours, but it is possible to make quite definite statements concerning the State of registration of the million and one-quarter cars which have come into the Dominion for longer periods. In 1939, twenty-five per cent of these cars came from the State of New York and twenty-one per cent from Michigan. Approximately six and one-half per cent came from the State of Washington and six from Vermont; five per cent each from Ohio and Maine; four per cent from Massachusetts and Pennsylvania; three and one-half per cent from Illinois and two per cent from California and New Jersey. Eighty-five per cent of the total number of automobiles which entered Canada in the year came from these eleven States. Minnesota, Connecticut, Wisconsin, Indiana and New Hampshire each contributed less than two but more than one per cent of the total. The sixteen States enumerated accounted for nearly ninety-two per cent of the cars entering Canada in 1939. The remaining two-thirds of the States, together with the District of Columbia, accounted for the balance of eight per cent.

It's Not What a Man Owes

By J. E. Bullard, Special Writer, Center Valley, N. Y.

To show the credit of the nation is still strong figures have been compiled which include all private debt. One of these sets of figures gives the total private debt in 1930 as 125 billion dollars and for 1938 as 92 billion dollars. This is a drop of 26.4 percent. What those figures may mean is that there has been too great caution in extending credit or too great a lack of confidence on the part of business men when it is a question of increasing or decreasing the amount owed.

Back in the 1890s there was a business depression. A man who owned a large meat and grocery store, managed on a strictly cash basis, had overexpanded in his effort to control his sources of supply. Partly because of his inexperience in the field of production and partly because he lacked sufficient capital for this type of expansion, he was forced into bankruptcy when the bad times came.

Working for him in executive capacities were three young men. Between them, they had a few thousand dollars. They decided to form a partnership and go into business for themselves. Before locating, they made a thorough survey of all the cities in which there appeared to be good opportunities for the type of store they planned to open. That they finally selected wisely was indicated by the volume of business they did at the very start and the rapid rate of growth of that volume.

Everything this store sold was sold for cash. Inventories were held down to as low a point as practical. A physical inventory was taken of all stock at the end of each month. Yet, this firm found it impossible to pay all bills promptly. The reason was that they did not have as much capital as they needed to finance as large and as rapidly growing business as they were doing.

Banks did not want to advance money on loans because the firm did not look like a good credit risk to them. The credit departments of most of the companies from which it bought insisted upon being paid promptly or cutting off credit entirely. There were a few companies, however, which took a different attitude. They studied the profit and loss statements submitted each month by this new firm. The rate of turnover of the capital invested in the stock was surprisingly high. The margin taken on goods sold was satisfactory. The cost of doing business was low. The business could have paid a good return on a much larger capital than was actually invested.

However, because it was a new type of store, one which looked more like an experiment than a normal business firm, no practical way was found of raising more capital. In those days, in fact, money was shy. People who had money looked for safety first. These companies which did have faith in this new firm realized that credit would have to be extended liberally if the firm was to remain in business. Should everybody tighten up, only bankruptcy could result. So, some of the companies took a chance. They accepted notes in lieu of cash on accounts due them. The firm came to owe more and more, yet, the profit and loss statements gave every reason to believe it would be able, in time, to meet all obligations. By the time two stores were doing a large volume of business debts began to be reduced. Before those three partners died, the business was one of the largest and the most profitable in the city. Incidentally, those companies which granted extra credit when it was urgently needed are still being given the preference when purchases are being made. The increased volume of business which has come to these companies during the past forty years and more has proved a tidy premium.

It is not what a man owes, after all, that counts so much as his ability to make a profit. There was a business founded in 1896. The man who founded it and two of his successors started with little or nothing and operated their first few years on a shoe string. It may have been the fact they had so little capital that caused them to work as hard as they did and display so much ingenuity in getting the most out of every dollar they had. At any rate,

each of these men was rather badly in debt during the first years they were in business. Only those who based the granting of credit upon profit prospects rather than financial backing would extend credit. At the start, each of these men had difficulty in paying all bills at all to say nothing about paying them promptly. Yet, each of them eventually made money.

That company went out of business in 1918 while it was owned by a millionaire. Under his ownership, it was always possible to pay all bills promptly. If not enough was taken in to meet the bills, it was just a matter of his putting additional money into the business. From the time he bought it, however, it never did show satisfactory profits. This was one business which prospered just so long as each new owner found himself starting with the handicap of being heavily in debt. It did not prosper when finally it was bought by a man who was not hampered in this way.

When a business firm is in debt, the management has a way of being keyed up to much greater effort than it is when there is no difficulty experienced in meeting all obligations. The owner of a small department store told how he had started in business with $800. All he sold at the start was shoes but he was ambitious and kept right on expanding. Finally, the strain of trying to get out of debt began to get on his nerves and he decided to get square with the world and build up a reserve so he would not have to worry. By 1907 he had accumulated a large enough reserve to carry him through any ordinary depression, even though the business showed a loss. All this money, however, was in one bank. In the fall of 1907, that was the first bank in the city to close its doors. That reserve did him absolutely no good. It began to look as though he would have to close his store. However, a man who had some cash available offered to lend it to him at a very reasonable interest.

This man entered another depression owing money just as he had entered all the others. In telling about the experience, however, he insisted it was probably a good thing. He had to work harder, had to do more thinking, had to make the business make the very best showing possible in order to pay back that loan. As a result, over a period of years, the business showed a better profit than it would have shown had he been able to use that reserve fund as he had planned. By the time he was able to get back from the bank that money he had hoped to use in an emergency he had paid off the loan and did not need it.

It would seem there are cases where the more a business man owes the better he is as a credit risk. It all depends upon how debt affects him. A retail jeweler who started in business with so little capital it was a serious problem to raise the money required to pay his bills, who was seriously in debt during the first years he was in business always was a good credit risk because he worked so hard at making the business show a profit. By the time he reached old age, that business was in a prosperous condition. All bills could be paid promptly and easily. It would have seemed to be a simple matter for his successor to make a go of it.

The business is now owned and managed by his son. However, it can hardly be considered as good a credit risk as it was in the early days when the debt situation might have appeared to some as more serious. The son has never been forced, by circumstances, to work so hard, to concentrate on the problem of getting the most out of each dollar as his father was. Whether or not the business will continue to prosper, therefore, is a problem. The credit rating based upon assets is better now than it was fifty years ago. When based upon the ability of the management to make the business show a profit, the story is somewhat different.

The fact that so large a percentage of the greatest business builders in this country started with nothing but the ability to think straight and to work hard, were burdened with debt for years but went steadily up the ladder would indicate that, in many cases, at least, what a man owes is the stimulant needed for greater and greater effort and bigger and bigger accomplishments.

The manager of a large wholesale establishment said that every now and then somebody working for the company got the idea of going into business for himself. At one time, this house tried to discourage its men from leaving and starting in business. Too many of them failed. In the end, however, it changed its policy. It found it better to encourage and to help these men. In each case sound advice was given in regard to the initial stock. Inventories continued to be watched.

The policy which usually worked best was to encourage each man to do a large enough business in relation to the capital he had available so that it would be a struggle to pay his bills. The theory was that when a man goes into business he is likely to consider himself his own boss. If he has so much capital he never has to worry about paying his bills, he is inclined to take it easy. The final result is that he fails, not because he lacks ability or capital but because he has not worked hard enough at making his business a real success. If he has to work hard, if he has to get the most out of every dollar in order to pay his bills, he is no longer his own boss. He cannot take it easy. He has to work hard. He must do straight thinking. The business becomes his first consideration. As a result, provided he possesses an ordinary degree of business ability, it is only a matter of time before his business is prosperous and probably growing larger and larger.

A man who had worked for a number of years for a successful retail grocery store got together all the money he could and bought a run down store. He was in business for himself but he found he had to work night and day to meet the bills he owed. It was partly pride which kept him going but what he owed had much more to do with it. This man was not the type who would have worked as hard if it had not been necessary to do so. It would not have been necessary had he started with two or three times the capital he did. As it was, he succeeded in building up his business until it was the largest and most prosperous retail grocery business in his city.

It is what a man owes which has a great deal to do with steadying him and stimulating him to greater effort. The average employer knows that an employe who has bought a home and is struggling to pay for it is a more dependable employee than he was before he bought that house. A young doctor who is independently rich may not make as good an impression on his patients as the young doctor who has worked his way through college and medical school and starts practicing under a heavy burden of debt. The independently rich doctor can be independent with his patients. He can take days off when he does not feel like working. The doctor who has debts he must pay has to give first consideration to his patients and to treating them in such a manner as to make them like him better and better and have more and more confidence in him. Hence, it is not surprising that so many of our greatest physicians are men who started with nothing much in the way of money.

It does not seem to matter what line of work a person may be engaged in a reasonable amount of debt has a way of making him a better man and all things considered a better credit risk. Without the debt there is not the concentration of effort which is necessary for the best possible results.

A traveling salesman decided he knew enough about business to manage one of his own. He had inherited some money and also saved some. The total was ample capital for the business he planned to do. As soon as he got his business started, he become the executive. He figured he would do the heavy thinking and hire others to do the heavy work. By the time he got down to a few hundred dollars, he decided it was time to get down to real work, himself.

Now that he was really awake to the actual situation he worked harder than he had ever worked before. He had to in order to pay the bills he owed. Largely due to the change in his mental attitude which took place when it was a problem to meet his obligations, he concentrated his efforts on his business to such a degree it was only a few years before he had a rapidly growing and a prosperous business. This man never was a really safe credit risk until he was close to the point of going out of business entirely. It required a burden of debt to make him fully aware of what he must do.

Another man went into business, lost all the money he had and owed $40,000 when he finally folded up. He was reasonably well fixed when he first went into business. He ended with a burden of debt it would require superhuman effort to pay. Instead of being discouraged, however, he went into another kind of business, used his head, worked hard, exercised good judgment and not only paid every cent of that old debt burden but acquired new wealth greater than that with which he started in the first place. It was debt which made him a really successful business man.

Three young men incorporated a company and started in business. Each of them had ample wealth. The capital of the company was certainly as large as needed. Those who continued to extend credit to that company how-

ever, were not able to collect in full. These men never had been in a position where they had to work hard. They did not work hard when they went into business. As soon as the capital of the company was used up, they let the creditors have the company. As far as financial assets were concerned, this company started in a very favorable condition. As far as the assets of business building effort and ability were concerned it was handicapped to a serious degree.

One way to make business better is to increase private debt. The more an individual owes, within his capacity to pay, the harder he will work to earn the money he needs to pay what he owes. The more a business man owes within reason, within his capacity to pay, the harder he will work to make his business grow and show a profit so he can pay what he owes. The extending of as much credit as is wise, therefore, stimulates business. The curtailing of it to an unwise degree hampers business. Most people will work a lot harder to get out of debt than they will when they owe no one.

Let any credit man make a list of the best accounts on the books of his company, those customers who buy in the largest quantities and who pay all bills promptly. Then, let him trace back the history of those companies to the men who started them. It is a safe bet he will discover that over 90 per cent of these men started with very limited capital and found it none too easy to pay their bills. This does not mean they did not pay their bills promptly. It does mean that it required a lot of hard work and straight thinking to get the money together on time to pay those bills. A good many of these men never would have built up the businesses they did had they not been spurred on by debt to the degree they were.

The man whose debts keep his nose on the grindstone all the time has to choose between giving up or going ahead. Going ahead means the degree of concentration and hard work which results in the greatest accomplishments. To that degree, debt leads to progress and to prosperity.

Ten years ago a couple of men took over a little business which had never shown a profit. It was not long before it looked as though they would make no profit. Not only was their money gone but it was becoming more and more difficult to pay their bills. Then, they took account of their stock in ability. One man took over the duties for which he was best fitted. The other took over those he knew best. Each man gave his full attention to his job, night and day. Within five years they had increased their floor space between four and five times and were making a profit. In this case, there was little choice. Business conditions were such that neither of these men could have gotten a job if they let their business fail. If they could not make the business pay, they would have absolutely nothing left.

There is reason to believe there are a good many business concerns at present which would prosper more if they owed more just as this one did. When a business owes nothing and has a reserve to draw upon it can mark time. The danger is that it will mark time too long, that competitors will take more and more business away from it till it is a case of liquidation or bankruptcy. The business that owes money must forge ahead or go out of existence. There is no other choice and it is amazing, the degree to which some businesses seem to be able to forge ahead under conditions which seem to make it impossible to do so.

It may be true that public debt has a way of stiffling business. It certainly is not true that private debt has the same effect. The greater the amount of credit, wisely granted, the greater the total productive effort which is put forth. Much of this effort would not be made were it not stimulated by debt.

A Widow's Gratitude

A newly-made widow sent the following card to the Tilusa World Daily:

I desire to thank my friends and neighbors most heartily in this manner for the united and co-operation during the illness and death of my late husband, escaped from me by the hand of death last Friday, while eating breakfast. To the friends and all who contributed so willingly towards making the last moments and funeral of my late husband a success, I desire to remember most kindly, hoping these last few lines will find them enjoying the same blessing. I have a good milch cow and a roan horse, five years old, which I will sell cheap. God moves in a mysterious way his wonders to perform. He plants his footsteps on the seat and rides upon the storm, also a black and white shoat, very low. *—Case & Comment.*

NACM Day at New York World's Fair Scheduled for May 25

Saturday, May 25th, has been designated as N. A. C. M. Day at the New York World's Fair. This date was selected so as to coincide with the delegations returning from the Toronto Credit Congress which closes on May 23rd. Those buying round-trip tickets by way of New York City may thus stop for at least a night visit at the Fair on the evening of May 24th and then be on hand for the N. A. C. M. Day on May 25th and at least part of May 26th before they entrain for their homes.

A special N. A. C. M. ticket has been arranged, good only on the May 25th date at $1.00 each.

This special one dollar ticket will include:

Admission to the Fair

Admission to 5 concessions which may be chosen from:

- American Jubilee
- Ripley's Believe It or Not Odditorium
- Dancing Campus
- Mrs. Thorne's Miniature Rooms
- Gay New Orleans
- Morris Gest's Midget Town
- The Perisphere
- Gardens on Parade

Also, twenty 5 cent Discount Coupons. These coupons can be used in part payment of meals in any middle class restaurant as, for instance, on the 60 cent luncheon, the restaurant will accept three 5 cent coupons in part payment. Three of the coupons also will be accepted in part payment to all amusements or one of the coupons will provide admission to the Dancing Campus.

Those coming to New York will find adequate transportation facilities on either the Queens Line of the I. R. T. Subway, the B. M. T. Subway, or the Independent (Eighth Avenue Subway). Trains, running directly from Pennsylvania Long Island Station to the Fair, leave every ten minutes at a cost of 10 cents per ride. The special N. A. C. M. Dollar Ticket may be obtained from the National Office, One Park Avenue, and from the New York Credit Men's Association, 354 4th Ave. Tickets also will be available at the registration desk at the Toronto Convention.

Credit Quiz Program

Two teams will compete for International Convention Honors in a unique feature of the Hardware Manufacturers Industry Group Sessions. Based on currently popular radio programs, the rivalry between the opposing camps will provide entertainment as well as information. Vice Chairman Harry C. Jackson, American Hardware Corporation, New Britain, Conn., and Ed. Ogren of The Stanley Works, New Britain, Conn. will maneuver the opposing forces in the battle of wits.

Chairman Willard Becker, Norton Door Closer Company, Chicago, and Canadian Vice-Chairman C. C. Hyatt, General Steel Wares, Ltd., Toronto, Canada, have enlisted leading credit executives to talk on vital problems at this 1st International and 45th Annual N. A. C. M. Credit Congress at Toronto, May 19-23.

National Nominations Committee

The following is the personnel of the Nominations Committee for the 1940 Credit Congress of the National Association of Credit Men to be held at Toronto on May 19-23.

The Constitution provides that the five immediate past Presidents as they are available shall serve on this committee, and that the last immediate past President shall be Chairman.

The Constitution also provides that the Councillors in each of the ten Districts shall select a representative for their District, and that the National President shall name ten members at large to serve on the Nominations Committee.

Five Past Presidents:

D. I. Bosschart, Eng-Skell Company, San Francisco, Cal. (CHAIRMAN)
Paul Fielden, Norton Company, Worcester, Mass.
E. Pilsbury, B. Rosenberg and Sons, New Orleans, La.
P. M. Haight, International General Electric Co., New York, N. Y.
Fred Roth, Whitney-Roth Shoe Co., Cleveland, Ohio

Ten Members Chosen By the Councillors:

Osbon W. Bullen, Lever Brothers Co., Cambridge, Mass.
R. M. Wilder, Pass & Seymour Inc., Syracuse, N. Y.
R. D. Withington, The Philadelphia National Bank, Philadelphia, Pa.
J. L. Schonberger, Beau Brummell, Inc., Cincinnati, Ohio
G. C. Klippel, Van Camps Hardware & Iron Co., Indianapolis, Ind.
W. Earl Harrison, First National Bank, Waco, Texas
Sidney Wilson, Wofford Oil Co., Atlanta, Ga.
F. G. Phillips, Globe Machinery & Supply Co., Des Moines, Ia.
S. R. Trythall, Hallack & Howard Lumber Co., Denver, Colo.
P. O. Pedersen, Remar Baking Co., Oakland, Cal.

Ten Members At Large Selected By President:

Leon Rosenbaum, Consolidated Rock Products Co., Los Angeles, Cal.
Mrs. Ida L. Reed, Douglas Candy Co., St. Joseph, Mo.
J. D. Patterson, Marshall Wells Co., Duluth, Minn.
G. M. Groves, Groves Shoe Co., Chicago, Ill.
E. J. Ball, Brown Shoe Co., St. Louis, Mo.
Frank E. Byrne, Cannon Mills, Inc., New York City.
J. Henry Wendt, Graybar Electric Co., Richmond, Va.
R. B. Gratzer, Courier Journal-Louisville Times, Louisville, Ky.
E. E. Ogren, Stanley Works, New Britain, Conn.
S. F. Aldrich, Linde Air Products Co., Birmingham, Ala.

The Business Thermometer:

by E. J. Engquist, jr.
Economic Analyst,
Bureau of the Census

Collection rate falls two points

The rate of collections for 1,463 manufacturers and 2,421 wholesalers fell 2 points from March 1939. The collection rate for these manufacturers was 84 in March 1940 and 86 in March 1939; for wholesalers the rates were 72 and 74 for the two periods. These figures are based on reports of manufacturers and wholesalers who participate in the survey conducted monthly by the Bureau of the Census in cooperation with the National Association of Credit Men.

The slower collections this month mark a change in the trend and thus may be significant. The 2-point fall is the first decrease to be noted in the manufacturers' series since September 1938, when collections were off 2 points from September 1937. For wholesalers a fall in the rate of collections occurred once before, in recent months, and this situation therefore became evident at that time. In December 1939, collections were 7.6 percent of accounts receivable as compared with 78 percent in December 1938. No other decreases had been shown in the collection rate for wholesalers since September 1938.

Accounts receivable of the 1,463 manufacturers amounted to $393,351,000 on March 1, two percent more than a month earlier and 15 percent over a year ago. For wholesalers, accounts receivable of $230,528,000 were one percent over last month and nine percent greater than a year ago. These increases in outstanding credit reflect, at least in part, increased sales and decreased collections. The sharpest increases in accounts receivable occurred in those lines which have been experiencing the more marked sales increases.

First quarter sales above year ago

During the first three months of 1940, sales of 2,737 wholesalers were 7.4 percent above the same period of 1939. Of the 36 kinds of business for which data are shown in the table on the following page, 33 reported sales to be higher than for the first quarter of 1939, and only three reported decreases. The 3-months data show machinery, equipment and supplies (except electrical), heavy hardware, electrical goods and industrial supplies ahead of 1939 by more than 20 percent, a development indicated by trends exhibited in recent monthly data. For the quarter, sales of 1,641 manufacturers were 15.2 percent ahead of the same period in 1939.

The reported sales increases for the first quarter are in contrast to the record for March. Sales of wholesalers were 7.4 percent ahead of the first quarter of 1939 in spite of the fact that for March, sales were only 0.8 percent greater than during March a year ago. For manufacturers, the quarter also ended weaker, with March sales 7 percent over March 1939, compared with the 15 percent gain for the quarter as a whole.

The data in the following tables are based upon a representative sample of manufacturers and wholesalers in all parts of the country.

All survey figures collected and compiled by U. S. Bureau of Census

MANUFACTURERS' sales and collections on accounts receivable, March 1940

Industry	Dollar Sales				Sales For 3 Mos. 1940			Collection Percentages*				Total Accounts Receivable		
	Number of firms	Percent change March 1940 from: Mar. 1939	Percent change March 1940 from: Feb. 1940	Mar. 1940 (000's)	Number of firms	Percent change from 3 Mos. 1939	3 Mos. 1940 (000's)	Number of firms	Mar. 1940	Mar. 1939	Feb. 1940	Percent change Mar. 1, 1940 from: Mar. 1, 1939	Percent change Mar. 1, 1940 from: Feb. 1, 1940	As of Mar. 1, 1940 (000's)
Food and kindred products, total	489	+ 1.2	+ 3.7	$106,078	460	+ 7.2	$285,671	347	126	122	113	+ 2.3	0.0	$75,009
Confectionery	222	+ 0.4	− 6.9	18,441	217	+ 6.7	56,581	124	137	137	128	+ 6.7	− 3.1	8,999
Flour, cereals, and other grain mill products	32	+ 8.6	+12.1	7,948	31	+12.6	22,492	28	169	151	134	+ 7.7	− 3.4	4,673
Meat packing	23	− 0.1	+14.3	10,625	23	+ 0.1	29,224	22	202	209	174	+ 3.4	+ 0.4	5,226
Distilled liquors	15	0.0	+ 4.5	10,608	12	+26.6	13,046	14	72	64	70	−11.5	− 5.8	16,971
Malt liquors	42	+ 8.2	+25.2	10,146	30	+ 6.9	21,631	29	150	154	138	+ 9.8	+ 9.6	5,428
Wine	28	+ 1.7	+ 9.3	1,195	26	+ 4.1	3,343	20	59	61	54	+ 5.2	+ 1.9	1,970
Other food products	127	− 0.5	+ 0.7	47,115	121	+ 5.9	139,354	110	132	134	120	+ 7.7	+ 3.0	31,742
Textiles and their products, total	126	− 1.1	+ 3.2	24,266	124	+10.4	69,860	121	58	66	58	+17.4	+11.3	37,950
Clothing, men's, except hats	33	+18.0	+31.6	5,744	31	+31.1	13,210	29	37	47	38	+51.1	+28.2	9,145
Clothing, women's, except millinery	22	−12.7	− 3.8	1,675	22	+ 2.1	4,816	21	63	65	56	+ 5.1	+19.2	2,522
Knit goods	10	− 8.2	+ 8.0	2,172	10	− 3.7	5,755	10	77	85	73	+ 2.3	+11.4	2,432
Other textile products	61	− 4.6	− 4.6	14,675	61	+ 8.4	46,079	61	64	69	63	+10.9	+ 5.3	23,851
Forest products, total	63	+23.4	+ 9.8	5,495	61	+25.8	14,766	60	68	69	64	+28.4	+ 2.8	7,231
Furniture	33	+10.6	+ 7.6	2,828	32	+16.5	7,683	32	57	61	55	+23.7	+ 2.1	4,519
Lumber, timber, and other miscellaneous forest products	30	+40.5	+12.2	2,667	29	+37.6	7,083	28	86	85	79	+37.2	+ 3.8	2,712
Paper and allied products, total	115	− 2.1	+ 0.5	17,231	115	+ 8.6	53,277	104	78	81	77	+ 9.7	+ 0.2	21,757
Paper, writing, books, etc.	25	− 3.7	+ 0.1	3,591	25	+10.2	11,121	18	82	89	83	+10.8	− 3.1	4,170
Paper, boxes and other paper products	52	− 1.2	+ 3.6	8,275	52	+ 9.1	24,519	52	105	108	100	+11.7	− 0.8	8,197
Paper, wall	23	+16.2	−12.0	1,787	25	+16.6	6,608	22	29	27	29	+ 9.2	+ 7.7	6,275
Paper, wax	15	− 9.7	+ 1.0	3,578	15	+ 2.2	11,029	12	97	107	96	+ 4.5	− 6.4	3,115
Printing, publishing, and allied industries	58	+ 4.1	+ 7.1	2,526	57	+ 8.4	7,330	55	71	69	70	+ 5.6	+ 2.2	3,843
Chemicals and allied products, total	131	0.0	+ 6.6	15,284	125	+ 8.1	44,511	119	68	69	69	+ 6.3	+ 1.6	20,948
Paints and varnishes	65	− 5.9	+11.9	3,959	62	+ 4.4	11,198	62	46	46	47	+ 9.2	+ 6.1	8,708
Pharmaceuticals and proprietary medicines	25	− 2.5	− 7.7	1,887	24	+ 0.9	5,862	22	61	67	63	+11.4	− 0.9	3,045
Other chemical products	41	+ 3.2	+ 7.8	9,438	39	+11.3	27,451	35	92	89	91	+ 2.2	− 1.6	9,195
Petroleum	17	+ 8.4	+11.2	39,470	17	+12.6	114,460	14	103	102	101	+ 8.7	− 3.6	21,302
Rubber products	13	+ 8.2	+ 4.1	1,694	13	+20.5	5,246	12	75	79	77	+27.4	− 8.9	2,099
Leather and its products, total	102	−10.0	− 9.6	23,456	99	+ 3.1	73,491	91	50	52	52	+11.1	+ 9.1	43,483
Boots and shoes	39	−11.9	−12.0	16,468	39	+ 4.7	51,922	36	42	44	43	+13.2	+13.3	35,324
Leather: tanned, curried, and finished	40	− 6.6	− 5.5	5,901	39	− 2.3	18,793	34	86	80	85	+ 1.1	− 6.5	6,922
Other leather products	23	+ 2.1	+10.7	1,087	21	+12.3	2,776	21	83	82	67	+11.0	− 3.3	1,237
Stone, clay, and glass products, total	65	− 0.5	+ 8.1	9,750	63	+ 9.0	26,675	58	77	82	75	+20.0	+ 5.3	11,270
Illuminating glassware**	11	+ 5.1	+ 3.6	519	10	+ 9.0	1,340	6	67	75	55	+28.1	+10.9	428
Iron and steel and their products, total	160	+17.7	+ 3.8	57,734	153	+30.7	168,937	152	88	91	92	+27.7	− 3.9	63,921
Hardware	16	−13.0	− 1.0	2,349	16	+ 5.2	7,420	15	72	72	73	+ 6.2	− 5.4	3,071
Stoves, ranges, steam heating apparatus	25	+11.0	+12.4	3,050	25	+21.5	8,590	25	65	63	63	+12.4	− 1.9	4,338
Other iron and steel products	119	+20.1	+ 3.6	52,335	112	+32.8	152,927	112	91	95	95	+30.5	− 4.0	56,512
Non-ferrous metals and their products, total	52	+ 1.6	+ 0.6	10,786	51	+12.8	31,617	49	79	81	80	+ 8.5	+ 2.2	13,208
Jewelry and jewelers' supplies	28	−11.8	+ 2.2	4,284	27	− 4.4	12,199	27	64	76	65	+ 2.4	+ 3.0	6,201
Other non-ferrous metals	24	+12.9	− 0.4	6,502	24	+27.1	19,418	22	93	86	93	+14.6	+ 1.5	7,007
Machinery, not including transportation equipment, total	199	+26.3	+ 8.1	59,130	191	+31.6	168,004	178	74	73	72	+28.8	+ 3.0	51,936
Electrical machinery, apparatus and supplies	88	+28.8	+10.1	39,702	84	+29.3	113,955	73	80	84	78	+28.0	− 1.0	28,406
Other machinery, apparatus and supplies	111	+21.6	+ 0.4	19,428	107	+36.5	54,049	105	66	61	63	+29.6	+ 8.2	23,530
Motor-vehicle parts	42	+18.0	+ 1.0	6,782	42	+28.6	20,703	39	90	88	89	+28.9	− 5.0	6,885
Miscellaneous industries	71	+10.6	+ 8.7	10,941	70	+15.1	30,217	63	81	78	74	+16.9	+ 1.7	12,509

* Collection percentages are obtained by dividing collections by accounts receivable for an identical group of firms.

** Includes Shades, Globes, Reflectors, etc.

WHOLESALERS' sales and inventories, March 1940

Kind of Business	Dollar Sales: Number of firms reporting sales	Dollar Sales: Percent change March 1940 from Mar. 1940	Dollar Sales: Percent change March 1940 from Feb. 1940	Dollar Sales: Mar. 1940 (000's)	Sales For 3 Mos. 1940: Number of firms reporting sales	Sales For 3 Mos. 1940: Percent change from 3 Mos. 1939	Sales For 3 Mos. 1940: 3 Mos. 1940 (000's)	End of Month Inventories (Cost): Number of firms reporting stocks	End of Month Inventories (Cost): Percent change March 1940 from Mar. 1939	End of Month Inventories (Cost): Percent change March 1940 from Feb. 1940	End of Month Inventories (Cost): Mar. 31, 1940 (000's)	Stock-Sales Ratios#: Mar. 1940	Stock-Sales Ratios#: Mar. 1940	Stock-Sales Ratios#: Feb. 1940
Automotive supplies	183	+ 6.5	+ 9.2	$2,737	179	+16.2	$8,038	80	+ 7.6	+ 1.1	$3,254	287	274	300
Chemicals (industrial)	12	− 2.7	− 0.3	547	12	+ 3.8	1,643	8	+18.4	+ 2.6	361	95	85	99
Paints and varnishes	33	+ 0.3	+23.0	1,803	33	+ 6.1	4,730	12	+ 7.6	− 4.2	874	305	276	386
Clothing and furnishings, except shoes	49	− 6.4	+ 6.2	3,114	47	+ 7.5	8,073	25	−10.5	− 1.0	916	120	122	173
Shoes and other footwear	39	−15.6	− 6.4	11,082	37	− 2.0	31,898	23	+ 5.0	− 8.4	7,455	126	103	134
Coal	9	− 0.2	− 6.6	2,983	9	+ 9.4	9,799	4	−17.7	− 2.4	1,616	66	81	66
Drugs and drug sundries##	132	− 1.5	+ 3.7	20,240	126	+ 5.4	58,960	104	+ 2.6	+ 0.7	32,596	203	194	210
Without liquor department	88	− 3.9	+ 3.4	10,192	83	+ 3.3	29,397	64	+ 3.3	− 0.9	13,430	188	175	200
With liquor department	44	+ 1.0	+ 4.0	10,048	43	+ 7.6	29,563	39	+ 2.2	+ 1.8	19,166	215	209	218
Dry goods	118	− 5.2	+ 5.6	10,860	114	+ 3.0	30,754	67	+12.0	− 1.5	20,127	276	239	298
Electrical goods	341	+15.2	+ 6.7	19,466	335	+20.1	53,033	294	+11.7	+ 7.1	23,792	129	133	128
Dairy and poultry products	15	+ 0.9	− 2.2	1,098	15	+ 9.1	3,423	8	−17.6	+18.3	155	32	38	25
Fresh fruits and vegetables	78	+ 0.1	+13.2	2,437	72	+ 5.1	5,603	55	+11.0	− 2.9	897	48	44	56
Farm supplies	6	+ 7.8	− 1.5	193	6	+18.3	529	—	—	—	—	—	—	—
Furniture and house furnishings	48	+ 3.0	+20.4	3,347	45	+ 6.7	8,335	26	+15.3	+ 0.4	3,699	237	214	277
Groceries and foods, except farm products	670	− 0.7	+ 5.7	47,112	661	+ 4.9	134,070	390	+ 8.2	− 0.5	41,417	155	141	164
Full-line wholesalers[1]	353	0.0	+ 6.9	19,280	348	+ 4.9	54,640	187	+ 9.3	− 1.1	19,390	170	156	183
Voluntary-group wholesalers	179	− 4.8	+ 3.0	15,676	177	+ 1.2	46,291	124	+ 5.8	− 0.1	15,057	185	163	189
Retailer-cooperative warehouses	21	− 5.1	− 0.2	2,793	21	+ 5.8	8,703	11	+ 5.0	+ 2.7	2,746	142	130	139
Specialty lines	117	+ 6.8	+10.0	9,363	115	+12.9	24,436	68	+14.4	− 1.8	4,224	82	75	91
Confectionery	23	+ 3.8	+ 6.2	465	22	+ 8.5	1,302	11	0.0	+ 0.7	136	68	66	70
Meats and meat products	94	− 1.5	+ 3.0	13,538	63	− 0.4	23,624	65	− 2.5	− 2.7	4,862	61	60	61
Beer	30	+11.6	+33.7	337	30	+ 3.8	822	24	+ 6.0	− 5.3	89	34	36	49
Wines and spirituous liquors	25	+ 9.7	+14.0	2,963	22	+10.9	7,712	17	+16.0	− 5.3	5,212	190	181	228
Total hardware group	466	+ 4.9	+13.6	29,557	440	+11.6	78,255	299	+12.4	+ 1.4	62,089	298	283	333
General hardware	149	+ 3.8	+19.3	17,550	139	+ 7.6	44,502	94	+13.8	+ 1.7	42,349	331	307	383
Heavy hardware	31	+13.5	+ 7.4	1,486	28	+28.1	4,182	20	+18.7	+ 1.9	3,568	281	273	295
Industrial supplies*	162	+10.2	+ 4.3	6,731	151	+20.2	18,882	106	+ 7.0	+ 1.0	11,165	240	256	250
Plumbing and heating supplies	124	− 1.7	+ 8.8	3,790	122	+ 9.6	10,689	79	+ 9.8	+ 0.3	5,007	239	209	261
Jewelry	40	+ 8.3	+17.4	1,348	40	+18.1	3,302	22	+ 0.4	+ 1.6	2,564	292	327	365
Optical goods	8	+17.6	+16.3	214	8	+ 3.0	582	—	—	—	—	—	—	—
Lumber and building materials	33	− 1.1	+25.5	1,669	31	+ 5.6	4,256	23	+ 4.8	+ 3.5	2,381	178	170	221
Machinery, eqpt. & supplies, except electrical	49	+19.1	+ 1.4	1,826	47	+31.1	5,289	28	+ 2.0	+ 1.7	3,392	286	314	267
Surgical equipment and supplies	26	+ 7.1	+ 0.5	558	26	+14.6	1,660	14	+ 9.7	+ 2.4	608	166	163	162
Metals	19	+ 6.7	+11.0	1,549	19	+18.1	4,538	12	+21.8	+ 1.0	2,471	239	218	260
Paper and its products	97	− 3.7	+ 7.5	5,480	87	+ 3.7	15,160	49	+ 4.7	− 1.4	5,078	179	160	188
Petroleum	10	+ 7.2	+18.0	2,323	9	+12.7	6,450	8	+ 7.6	+ 6.7	1,507	65	65	72
Tobacco and its products	162	+ 5.0	+ 7.7	12,778	161	+ 8.8	35,906	65	− 1.1	− 1.4	3,454	53	55	58
Leather and shoe findings	9	− 8.7	+30.8	136	9	− 9.1	370	—	—	—	—	—	—	—
Miscellaneous	33	− 9.2	− 4.6	3,496	32	− 0.9	11,593	26	+17.4	− 4.0	4,073	298	253	306
Total	2,857	+ 0.8	+ 6.4	$205,256	2,737	+ 7.4	$559,709	1,759	+ 8.5	+ 0.4	$235,075	176	166	187

*This heading also includes distributors of mill, mine and steam supplies. —Insufficient data to show separately.
#These Stock-Sales ratios are percentages obtained by dividing stocks by sales for an identical group of firms. ##Total Sales, including liquors, wines, etc.
[1]Not affiliated with voluntary or cooperative groups

WHOLESALERS' accounts receivable and collections, March 1940

Kind of Business	Number of firms reporting	Collection Percentages*: March 1940	Collection Percentages*: March 1939	Collection Percentages*: February 1940	Total Accounts Receivable: Percent change March 1940 from March 1939	Total Accounts Receivable: Percent change March 1940 from February 1940	Total Accounts Receivable: As of Mar. 1, 1940 (000's)
Automotive supplies	141	58	57	59	+ 7.2	− 5.2	$2,769
Chemicals (industrial)	12	74	64	69	+ 2.7	+ 0.3	754
Paints and varnishes	30	50	50	49	+ 6.3	+ 2.6	2,886
Clothing and furnishings, except shoes	44	47	48	41	+ 5.2	+10.6	4,895
Shoes and other footwear	36	39	43	35	+ 7.1	+27.9	11,438
Coal	9	75	75	75	+ 4.2	− 4.8	4,334
Drugs and drug sundries	120	72	73	71	+ 4.6	− 3.0	24,895
Without liquor department	79	71	73	71	+ 4.8	− 3.2	11,921
With liquor department	41	73	73	71	+ 4.4	− 2.8	12,974
Dry goods	105	45	47	42	+ 8.3	+ 0.5	21,186
Electrical goods	310	71	72	66	+19.8	+ 1.4	24,517
Dairy and poultry products	14	139	151	158	+11.0	+ 4.4	688
Fresh fruits and vegetables	59	129	139	132	+ 5.1	+ 8.2	1,162
Furniture and house furnishings	41	52	54	49	+14.4	+ 5.7	5,277
Groceries and foods, except farm products	534	99	103	95	+ 6.6	− 1.1	36,170
Full-line wholesalers	272	92	94	87	+ 5.8	+ 0.6	14,252
Voluntary-group wholesalers	150	98	100	95	− 1.8	+ 0.1	13,196
Retailer-cooperative warehouses	18	161	168	157	+ 3.4	− 2.1	1,478
Specialty lines	94	103	114	95	+29.4	− 5.9	7,244
Confectionery	15	73	84	76	+ 8.4	+ 1.2	258
Meats and meat products	79	156	171	155	+ 6.5	− 3.9	7,789
Beer	14	85	97	77	+17.6	+ 6.7	80
Wines and spirituous liquors	20	87	104	82	+26.7	− 2.0	2,915
Total hardware group	441	56	53	52	+11.7	+ 1.8	45,590
General hardware	138	50	47	47	+10.0	+ 3.6	28,468
Heavy hardware	29	77	78	74	+28.0	+ 1.1	1,789
Industrial supplies**	151	70	64	67	+13.9	− 1.0	8,644
Plumbing and heating supplies	123	56	55	52	+12.6	− 1.4	6,689
Jewelry	32	21	22	21	+15.0	− 5.5	3,459
Optical goods	6	62	55	57	+ 3.6	+ 1.2	87
Lumber and building materials	31	59	58	58	+ 6.9	− 0.9	2,383
Machinery, equipment and supplies, except electrical	42	52	51	47	+25.2	+ 0.5	2,738
Surgical equipment and supplies	25	54	48	48	+ 4.0	− 2.8	969
Metals	19	82	81	79	+15.1	− 2.8	1,826
Paper and its products	83	58	59	59	+ 2.2	− 2.2	8,127
Petroleum	8	101	91	96	− 1.7	− 2.1	1,717
Tobacco and its products	113	126	129	118	+ 8.6	+ 0.7	7,730
Leather and shoe findings	7	35	38	26	+ 7.4	− 1.0	189
Miscellaneous	31	92	100	98	+ 4.3	− 9.0	3,700
Total	2,421	72	74	69	+ 9.3	+ 0.9	$230,528

* Collection percentages are obtained by dividing the collections by accounts receivable for an identical group of firms.
** This heading also includes distributors of mill, mine and steam supplies.

WHOLESALERS' sales and inventories, by geographic divisions, March 1940

Geographic Division / Kind of Business	Dollar Sales: Number of firms reporting sales	Dollar Sales: Percent change March 1940 from Mar. 1939	Dollar Sales: Percent change March 1940 from Feb. 1940	Dollar Sales: Mar. 1940 (000's)	Sales For 3 Mos. 1940: Number of firms reporting sales	Sales For 3 Mos. 1940: Percent change from 3 Mos. 1939	Sales For 3 Mos. 1940: 3 Mos. 1940 (000's)	End of Month Inventories (Cost): Number of firms reporting stocks	End of Month Inventories (Cost): Percent change March 1940 from Mar. 1939	End of Month Inventories (Cost): Percent change March 1940 from Feb. 1940	End of Month Inventories (Cost): Mar. 31, 1940 (000's)	Stock-Sales Ratios♯: Mar. 1940	Stock-Sales Ratios♯: Mar. 1939	Stock-Sales Ratios♯: Feb. 1940
New England	171	+ 7.2	+ 2.2	$12,427	159	+10.1	$29,669	113	+ 5.5	+ 1.6	$10,856	122	125	121
Electrical goods	32	+ 9.7	− 5.7	1,110	32	+20.5	3,488	28	+ 5.8	+ 1.0	1,695	158	163	149
Groceries and foods, except farm products	31	+ 0.9	+ 4.5	1,849	29	+ 2.5	5,141	18	+13.5	+ 3.7	1,066	192	164	187
Industrial supplies*	19	+21.4	+ 6.2	516	19	+28.7	1,552	13	+12.0	+ 4.0	1,363	338	371	351
Plumbing and heating supplies	10	− 8.0	+ 2.4	173	9	+11.8	520	6	+23.0	+ 1.3	482	330	243	340
Tobacco and its products	15	+ 9.8	+ 4.6	1,721	15	+14.5	4,952	5	+ 9.2	− 0.6	167	56	55	65
Middle Atlantic	648	− 0.5	+ 6.2	45,094	624	+ 8.1	127,440	381	+ 4.9	− 0.6	41,389	154	150	169
Automotive supplies	24	− 2.8	− 3.0	415	24	+16.8	1,398	13	0.0	− 1.5	827	340	323	333
Clothing and furnishings, except shoes	22	− 5.8	+ 2.3	2,490	22	+ 9.6	6,710	9	−13.1	0.0	413	101	110	169
Shoes and other footwear	11	−15.5	+ 5.3	915	11	− 0.6	2,459	5	− 7.6	− 8.1	1,461	211	191	249
Drugs (without liquor department)	15	− 4.8	+ 2.5	2,482	14	− 0.8	7,444	12	+ 4.8	− 1.1	1,938	145	130	154
Dry goods	46	− 7.1	+ 7.6	3,508	46	+ 4.3	10,088	25	+ 8.2	+ 0.4	4,216	248	229	282
Electrical goods	73	+26.1	+14.6	4,310	72	+29.8	11,355	62	+ 7.8	+ 5.1	4,448	108	129	118
Fresh fruits and vegetables	18	− 4.5	+ 8.7	464	15	+ 3.3	809	13	− 6.3	0.0	90	21	22	23
Furniture and house furnishings	14	+ 2.3	+24.3	526	12	+ 5.5	1,145	11	+13.1	+ 2.0	976	222	196	274
Groceries and foods, except farm products	98	− 0.4	+ 2.6	8,504	98	+ 6.7	25,755	42	+ 1.1	+ 0.5	3,728	160	146	154
Confectionery	7	− 1.4	+10.9	71	6	+ 2.4	168	—	—	—	—	—	—	—
Meats and meat products	20	−11.7	+ 1.5	1,030	16	− 0.6	1,979	17	−12.0	− 3.9	514	52	51	54
Beer	9	+16.2	+30.7	115	9	+ 9.5	289	—	—	—	—	—	—	—
General hardware	31	− 6.4	+25.4	1,845	29	+ 4.4	4,636	15	+ 9.7	− 0.1	3,464	374	313	450
Heavy hardware	14	+13.0	+ 1.8	901	12	+29.0	2,694	11	+16.8	+ 2.9	2,396	278	271	276
Industrial supplies*	45	+ 9.7	+ 2.6	1,737	42	+25.8	4,764	32	+ 6.4	− 0.6	2,912	204	223	217
Plumbing and heating supplies	48	− 2.8	+ 9.1	1,012	48	+10.8	3,038	31	+12.8	+ 1.5	1,468	193	165	206
Jewelry	15	+ 6.3	+24.8	504	15	+17.5	1,264	10	− 9.1	+ 5.6	1,332	326	395	405
Lumber and building materials	10	− 0.3	+26.5	701	10	+ 6.2	1,805	5	− 8.6	− 2.4	562	124	141	166
Paper and its products	33	− 6.3	+ 7.9	2,406	30	+ 4.4	6,516	17	+ 6.9	− 0.9	2,487	156	134	168
Tobacco and its products	44	+ 3.6	+10.3	5,026	44	+ 7.3	14,025	23	− 6.1	− 7.8	1,963	48	53	57
East North Central	542	− 0.2	+ 4.7	35,772	505	+ 8.5	94,016	338	+11.1	+ 1.0	46,968	189	170	195
Automotive supplies	48	+ 3.6	+ 6.1	553	46	+22.5	1,682	24	+ 7.5	+ 2.7	1,040	289	282	309
Paints and varnishes	11	−12.9	+43.1	176	11	+ 1.7	416	—	—	—	—	—	—	—
Clothing and furnishings, except shoes	10	−15.6	+16.2	244	9	− 7.5	496	7	−10.2	+ 1.7	308	170	158	185
Drugs (without liquor department)	19	− 5.4	+ 0.9	2,138	16	+ 2.4	5,614	13	+ 4.4	− 0.8	2,442	165	151	168
Dry goods	11	− 1.5	+ 8.5	675	8	+ 7.1	1,541	8	+10.8	− 8.1	1,467	237	210	283
Electrical goods	59	+ 7.1	+ 0.7	3,986	59	+19.5	11,801	50	+11.8	+ 9.3	4,944	132	126	122
Fresh fruits and vegetables	15	− 6.6	+18.2	467	15	− 2.3	1,252	10	− 5.9	− 8.6	160	57	59	70
Groceries and foods, except farm products	102	− 4.4	+ 1.8	8,017	100	+ 3.6	24,121	57	+ 5.1	0.0	7,334	168	153	170
Meats and meat products	26	−12.7	− 4.3	2,761	15	− 0.9	2,650	23	+ 0.3	− 2.0	2,029	81	70	79
Beer	11	+ 8.1	+30.1	134	11	+ 1.5	332	10	+18.2	−11.4	39	31	28	46
Wines and spirituous liquors	6	−19.2	−13.1	173	6	− 8.3	555	4	+ 3.9	− 3.2	241	161	128	139
General hardware	21	+ 6.5	+15.5	4,355	20	+ 9.7	9,915	18	+22.1	+ 2.3	14,408	347	303	389
Industrial supplies*	35	+15.5	+ 0.7	1,791	30	+30.6	4,812	24	+ 5.2	+ 0.9	2,794	195	215	192
Plumbing and heating supplies	18	+ 4.3	+17.2	804	17	+10.5	2,048	11	+ 8.7	− 0.2	1,455	346	335	385
Jewelry	12	+ 9.0	+19.7	559	12	+19.9	1,315	6	+19.3	− 5.8	823	236	228	330
Lumber and building materials	7	−23.2	+21.6	225	5	−12.9	499	—	—	—	—	—	—	—
Machinery, eqpt. & supplies, except elec.	9	+64.4	+ 8.2	355	7	+83.0	785	5	+ 9.7	− 8.6	159	161	153	123
Metals	8	− 0.5	+17.2	765	8	+ 4.9	2,138	4	+30.7	− 2.2	1,402	282	241	329
Paper and its products	26	− 2.0	+10.2	1,784	23	− 0.2	4,739	12	+ 5.0	− 1.4	908	153	147	160
Tobacco and its products	43	+ 6.5	+ 7.0	2,836	43	+11.4	8,183	17	+ 4.5	+ 9.7	723	59	59	58
West North Central	312	− 0.2	+ 6.4	29,838	308	+ 5.1	83,718	212	+12.3	− 0.8	37,742	190	165	197
Automotive supplies	18	+ 4.3	+ 4.3	340	18	+28.9	1,084	7	+36.5	+ 1.4	449	365	296	323
Drugs (without liquor department)	12	− 9.2	+ 3.0	1,119	12	+ 0.6	3,337	10	− 2.3	+ 0.3	1,676	212	196	224
Dry goods	9	− 5.5	− 1.4	2,923	9	− 0.1	8,967	8	+13.8	− 2.7	7,989	279	232	283
Electrical goods	38	+18.2	+ 6.6	1,984	36	+17.8	5,272	36	+19.5	+10.0	2,518	130	129	127
Fresh fruits and vegetables	12	− 1.5	+11.2	327	12	+ 6.5	919	10	+23.3	+ 2.9	180	69	53	75
Furniture and house furnishings	8	+ 5.0	+34.1	1,220	8	+ 7.6	2,910	5	+ 9.6	+ 0.6	857	289	263	363
Groceries and foods, except farm products	87	− 2.4	+ 3.5	5,857	87	+ 2.9	14,652	60	+10.1	− 2.8	6,463	171	147	178
General hardware	13	− 1.2	+16.9	2,702	12	+ 8.5	7,187	11	+14.2	+ 5.8	7,063	291	255	321
Industrial supplies*	15	+ 0.8	+16.2	402	14	+ 7.7	1,058	8	+18.2	+ 5.7	552	302	262	365
Plumbing and heating supplies	10	+13.1	+26.9	439	10	+13.7	1,109	5	−17.2	− 2.7	327	250	326	278
Paper and its products	8	− 1.8	+ 1.9	219	8	+ 2.5	648	4	+ 1.2	− 1.2	421	337	310	328
Tobacco and its products	13	+ 5.3	+ 8.9	538	13	+ 6.1	1,527	7	+ 5.1	− 1.1	186	62	61	68
South Atlantic	345	+ 2.1	+ 5.1	19,616	330	+ 9.0	53,590	188	+11.1	0.0	21,065	162	150	169
Automotive supplies	13	− 3.5	+ 4.8	195	13	+ 5.1	580	6	+ 4.5	+ 3.2	161	240	214	244
Drugs (without liquor department)	17	+ 1.5	− 0.4	1,456	16	+11.3	4,265	9	+ 7.6	− 1.1	1,549	192	182	196
Dry goods	13	+ 1.1	+ 7.0	906	13	+ 6.1	2,590	7	+19.2	− 2.7	1,346	307	265	328
Electrical goods	50	+13.0	+ 2.7	2,740	49	+18.2	6,864	42	+17.7	+ 7.7	3,282	128	125	122
Fresh fruits and vegetables	10	− 6.3	+ 6.9	310	10	+ 6.6	876	4	−16.7	− 7.0	40	37	37	41
Groceries and foods, except farm products	97	+ 2.3	+ 5.4	4,551	95	+ 9.1	13,021	40	+ 8.7	− 0.6	3,292	148	139	158
Meats and meat products	12	− 2.7	+ 7.6	611	5	+ 2.5	458	6	+ 1.0	+ 6.7	304	60	58	60
General hardware	25	− 3.2	+15.2	1,500	23	+ 3.0	4,190	12	+ 8.4	− 0.6	2,829	368	359	427
Industrial supplies*	15	+28.9	+14.5	576	15	+20.9	1,635	10	+12.8	+ 0.2	954	197	232	237
Plumbing and heating supplies	20	−11.4	+11.7	591	20	+ 0.2	1,653	17	+13.1	+ 2.3	839	208	160	222
Paper and its products	10	+ 4.3	+ 6.7	399	9	+ 2.4	1,203	5	− 2.4	− 1.1	372	203	182	215
Tobacco and its products	12	+ 2.7	+ 6.4	685	12	+ 7.7	1,948	—	—	—	—	—	—	—
East South Central	156	+ 2.6	+14.9	9,179	150	+ 6.3	23,637	87	+13.9	− 2.6	11,691	194	174	229
Drugs (without liquor department)	10	− 5.0	+ 3.8	1,037	10	+ 3.5	2,995	7	+ 2.2	− 3.1	1,701	199	184	213
Dry goods	15	− 4.8	+ 7.2	923	15	+ 3.7	2,577	9	+20.2	− 2.5	1,865	273	210	299
Electrical goods	13	+ 9.9	+19.1	611	13	+ 1.1	1,544	10	+20.6	+ 5.3	756	141	124	157
Groceries and foods, except farm products	50	+ 6.7	+12.5	2,534	48	+12.4	6,527	22	+16.1	− 5.7	2,298	155	150	184
General hardware	12	+11.8	+42.6	1,520	12	+ 3.9	3,748	6	+14.8	− 3.7	1,897	244	233	346
Industrial supplies*	10	+19.9	+ 5.2	283	10	+21.8	817	5	+15.5	− 2.3	209	218	195	238
West South Central	251	+ 1.8	+ 6.3	16,630	243	+ 6.0	44,767	173	+ 4.5	+ 0.6	24,477	204	198	212
Drugs (with liquor department)	12	− 2.7	− 3.3	1,826	12	+ 6.5	5,656	10	+ 0.1	+ 0.8	4,209	252	247	244
Electrical goods	28	+11.1	+16.7	1,319	27	+12.9	3,336	20	+ 0.8	+10.7	1,407	121	135	126
Groceries and foods, except farm products	128	− 0.1	+ 5.9	7,076	128	+ 3.4	20,124	94	+ 8.1	− 1.7	8,368	160	147	168
General hardware	17	+16.6	+20.4	1,558	15	+ 5.9	4,013	12	+ 7.7	− 1.0	3,268	292	320	356
Machinery, eqpt. & supplies, except elec.	7	+29.1	−14.9	532	7	+42.1	1,805	4	− 7.0	+ 2.8	1,889	426	563	345
Mountain	119	+ 3.5	+10.2	6,660	112	+ 9.2	17,489	90	+10.7	+ 2.7	10,357	198	185	214
Automotive supplies	11	+10.2	+10.2	151	10	+16.9	415	4	+ 9.3	− 4.4	129	280	268	375
Electrical goods	15	+16.1	− 2.6	751	14	+29.9	1,838	13	+15.5	− 2.9	834	117	118	118
Groceries and foods, except farm products	37	− 5.2	+ 5.9	2,095	36	+ 1.0	6,080	32	+12.0	+ 1.3	3,499	206	172	216
General hardware	8	+ 6.6	+28.1	844	7	+14.0	1,979	6	+17.4	+ 6.0	1,542	314	290	372
Pacific	312	+ 3.4	+12.6	25,975	305	+ 7.8	72,103	177	+ 5.5	+ 2.6	30,530	185	185	206
Automotive supplies	58	+16.2	+20.6	967	58	+10.9	2,558	19	+ 1.7	+ 1.5	484	222	232	252
Shoes and other footwear	6	+ 0.8	− 4.0	120	5	+10.8	184	5	+ 5.5	+ 4.7	268	229	229	223
Dry goods	14	− 8.3	+ 5.1	983	13	+ 5.3	2,386	4	+12.8	+ 2.1	813	363	308	374
Electrical goods	33	+18.1	+10.4	2,655	33	+16.8	7,535	33	+11.7	+ 8.6	3,908	147	156	150
Fresh fruits and vegetables	6	+19.2	+14.3	335	6	+16.7	875	5	+21.6	− 5.8	276	83	82	101
Groceries and foods, except farm products	40	+ 0.8	+15.2	6,629	40	+ 4.4	18,649	25	+ 9.0	+ 3.0	5,369	108	102	123
Meats and meat products	10	−14.2	+ 1.7	952	10	− 3.7	3,035	6	−25.0	−13.5	249	48	60	57
Wines and spirituous liquors	6	+22.3	+37.2	871	5	+23.9	2,190	—	—	—	—	—	—	—
General hardware	17	+ 5.5	+12.0	3,032	17	+ 9.9	8,454	11	+ 6.5	+ 0.1	7,211	359	369	405
Industrial supplies*	14	+ 6.9	+17.3	420	13	+18.4	1,064	8	− 2.3	− 2.9	766	269	315	333
Plumbing and heating supplies	10	− 9.8	−13.2	534	10	+11.3	1,694	4	− 4.4	− 3.8	151	182	149	194
Lumber and building materials	8	+ 3.7	+16.7	224	8	+12.9	638	7	+ 7.6	− 0.2	451	211	199	246
Machinery, eqpt. & supplies, except elec.	11	−18.4	+10.7	217	11	+ 1.7	612	—	—	—	—	—	—	—
Paper and its products	5	+ 0.8	−18.1	122	5	+15.3	467	4	+ 2.4	− 9.0	384	320	315	287
Tobacco and its products	20	+ 2.5	+ 4.2	1,371	19	+ 5.8	3,567	6	+10.3	+33.3	224	68	66	50

♯ This heading also includes distributors of mill, mine and steam supplies.
— Insufficient data to show separately.
* These Stock-Sales ratios are percentages obtained by dividing stocks by sales for an identical group of firms.

WHOLESALERS' accounts receivable and collections, by geographic divisions, March 1940

Geographic Division Kind of Business	Number of firms reporting	Collection Percentages*			Total Accounts Receivable		
		March 1940	March 1939	February 1940	Percent change March 1940 from: March 1939	Percent change March 1940 from: February 1940	As of Mar. 1, 1940 (000's)
New England	154	83	78	80	+ 4.4	— 2.0	$14,133
Electrical goods	30	74	69	73	+24.1	— 0.1	1,576
Groceries and foods, except farm products	25	87	74	81	—15.5	— 3.4	1,888
Meats and meat products	7	160	167	169	+12.5	— 3.5	1,453
Industrial supplies**	17	64	60	63	+18.2	— 3.1	714
Plumbing and heating supplies	10	48	42	47	+ 2.1	— 4.2	392
Tobacco and its products	12	143	121	112	+ 2.2	—10.2	1,082
Middle Atlantic	556	73	76	70	+ 9.0	+ 0.1	52,314
Automotive supplies	21	52	51	50	+ 7.2	— 6.0	625
Clothing and furnishings, except shoes	19	49	48	41	+ 3.8	+ 8.0	3,861
Shoes and other footwear	11	37	37	31	+ 5.5	+17.5	2,009
Drugs (without liquor department)	14	61	65	61	+ 0.5	— 2.9	2,954
Dry goods	41	51	52	46	+ 5.3	— 3.6	5,623
Electrical goods	69	82	82	75	+19.1	+ 1.7	4,488
Fresh fruits and vegetables	13	180	184	190	— 7.0	+12.4	199
Furniture and house furnishings	12	48	49	45	+10.8	+ 7.2	923
Groceries and foods, except farm products	76	94	104	91	+16.1	— 1.0	7,676
Meats and meat products	16	135	146	138	— 1.7	0.0	589
General hardware	26	40	42	45	+ 4.3	+ 2.9	2,969
Heavy hardware	13	78	85	76	+35.6	+ 3.5	1,089
Industrial supplies**	43	72	65	69	+14.4	— 3.1	2,342
Plumbing and heating supplies	47	48	50	48	+10.6	— 5.9	2,030
Jewelry	11	23	23	24	+ 8.0	— 6.8	674
Lumber and building materials	10	55	54	54	+ 2.3	+ 1.3	1,059
Paper and its products	26	55	56	56	+ 1.8	— 1.1	3,656
Tobacco and its products	32	135	146	131	+10.7	+ 5.0	3,210
East North Central	451	72	73	70	+ 9.9	— 0.8	41,439
Automotive supplies	43	68	64	71	+ 4.0	— 9.0	654
Paints and Varnishes	10	15	16	15	+ 9.4	+ 3.6	490
Clothing and furnishings, except shoes	9	56	59	49	+ 0.3	+28.1	351
Drugs (without liquor department)	17	77	79	77	+ 3.0	— 3.6	2,230
Dry goods	9	45	45	47	+ 6.5	+ 0.1	1,072
Electrical goods	51	63	68	58	+27.1	+ 2.5	5,826
Fresh fruits and vegetables	8	136	140	132	— 6.8	+ 0.8	124
Groceries and foods, except farm products	80	96	98	96	+ 0.7	— 1.8	6,538
Meats and meat products	21	157	175	151	+ 1.6	—11.9	1,315
General hardware	21	56	48	48	+15.3	+ 3.0	7,656
Industrial supplies**	33	74	66	71	+21.1	— 1.3	2,355
Plumbing and heating supplies	18	60	56	55	+12.5	— 3.0	1,309
Jewelry	10	22	24	23	+20.4	— 3.1	1,630
Machinery, equipment and supplies, except electrical	8	84	76	69	+58.9	+ 0.4	278
Metals	8	80	83	78	+ 4.8	— 3.8	859
Paper and its products	23	62	63	61	— 2.3	— 2.6	2,511
Tobacco and its products	31	121	118	115	+ 6.0	— 0.8	1,654
West North Central	267	67	70	66	+ 9.0	+ 7.1	37,484
Automotive supplies	13	54	53	58	+16.3	— 2.3	472
Clothing and furnishings, except shoes	6	32	34	31	+17.8	+20.6	258
Shoes and other footwear	5	43	48	38	+ 8.7	+37.4	6,722
Drugs (without liquor department)	12	78	83	77	+ 4.3	— 0.6	1,421
Dry goods	9	41	45	39	+10.6	+ 3.8	7,090
Electrical goods	34	66	59	59	+10.7	— 2.0	2,639
Fresh fruits and vegetables	9	152	164	149	+ 5.6	+ 4.1	151
Furniture and house furnishings	8	50	56	51	+20.0	+ 5.9	1,971
Groceries and foods, except farm products	70	140	139	130	+ 2.0	— 0.4	3,047
General hardware	12	46	48	46	+11.2	+12.7	4,280
Heavy hardware	6	54	58	53	+ 8.2	+ 7.5	171
Industrial supplies**	14	55	56	52	+ 9.7	— 5.4	575
Plumbing and heating supplies	10	53	54	50	+13.0	+ 1.0	616
Paper and its products	7	64	64	60	+12.8	— 3.1	317
Tobacco and its products	6	180	205	191	+22.2	+ 7.1	121
South Atlantic	277	68	70	65	+12.6	+ 0.1	21,423
Automotive supplies	11	47	53	55	+ 4.5	+ 1.8	231
Drugs (without liquor department)	15	82	84	84	+12.4	— 3.0	1,474
Drugs (with liquor department)	8	78	85	75	+22.2	— 3.8	1,620
Dry goods	9	39	42	39	+10.3	— 0.6	1,592
Electrical goods	45	66	68	64	+24.3	— 0.8	4,157
Fresh fruits and vegetables	9	108	128	109	+14.5	+ 4.9	213
Groceries and foods, except farm products	68	99	96	92	+ 4.3	— 0.1	3,076
General hardware	24	44	47	39	+12.5	+ 0.2	3,215
Industrial supplies**	14	74	62	64	+ 7.2	— 0.6	712
Plumbing and heating supplies	20	50	55	48	+14.1	— 2.9	1,151
Paper and its products	8	59	60	62	— 0.2	+ 2.2	500
Tobacco and its products	6	91	105	96	+12.1	+ 1.6	251
East South Central	130	64	66	60	+10.0	+ 2.4	11,102
Drugs (without liquor department)	8	65	69	66	+13.5	— 2.7	1,358
Dry goods	14	37	41	34	+12.0	+ 4.2	2,191
Electrical goods	11	79	67	69	+ 1.3	+ 0.9	694
Groceries and foods, except farm products	38	92	96	86	+14.4	+ 2.8	2,021
General hardware	10	47	45	44	+ 5.2	+ 6.4	1,679
Industrial supplies**	10	72	68	69	+23.7	— 1.5	397
West South Central	222	71	74	68	+ 9.7	+ 1.5	17,275
Drugs (with liquor department)	10	75	75	75	+ 3.2	— 1.9	2,079
Dry goods	5	42	44	38	+ 5.6	— 0.4	1,421
Electrical goods	26	80	84	73	+13.6	+ 2.0	1,360
Groceries and foods, except farm products	112	89	96	86	+10.3	+ 1.3	5,312
General hardware	17	57	54	54	+ 8.2	+ 3.2	2,317
Machinery, equipment and supplies, except electrical	6	29	28	26	+28.8	+ 0.5	1,306
Tobacco and its products	6	85	87	87	+ 5.1	+ 0.6	164
Mountain	101	75	77	73	+ 8.2	+ 2.1	6,542
Automotive supplies	7	49	49	47	0.0	— 2.2	135
Electrical goods	14	65	79	70	+24.5	+12.4	873
Groceries and foods, except farm products	31	95	98	92	— 0.7	— 1.5	1,602
General hardware	6	44	42	47	+ 9.7	+10.7	860
Pacific	263	76	77	71	+ 9.2	— 2.1	28,816
Automotive supplies	37	62	61	62	+ 7.5	— 3.4	489
Shoes and other footwear	6	34	40	32	+14.8	+ 8.6	279
Dry goods	13	55	60	53	+ 6.8	— 0.8	1,643
Electrical goods	30	75	74	67	+14.9	+ 2.9	2,904
Furniture and house furnishings	7	60	58	52	+ 5.7	+ 3.6	832
Groceries and foods, except farm products	34	106	114	97	+12.2	— 3.9	5,010
Meats and meat products	8	171	195	156	+ 7.1	— 6.3	561
General hardware	17	51	48	49	+ 6.6	— 2.0	5,138
Industrial supplies**	13	61	58	63	+17.1	+ 3.5	569
Plumbing and heating supplies	10	77	71	64	+26.3	+14.4	868
Lumber and building materials	8	49	53	51	+17.8	0.0	397
Machinery, equipment and supplies, except electrical	7	46	45	43	+16.5	+ 6.6	290
Paper and its products	5	57	55	57	+ 9.5	—14.3	264
Tobacco and its products	15	100	112	98	+11.2	+ 1.0	1,084

* Collection percentages are obtained by dividing the collections by accounts receivable for an identical group of firms.
** This heading also includes distributors of mill, mine and steam supplies.
STATES COMPRISING DIVISIONS: New England—(Conn., Me., Mass., N. H., R. I., Vt.); Middle Atlantic—(N. J., N. Y., Pa.); East North Central—(Ill., Ind., Mich; Ohio, Wisc.); West North Central—(Iowa, Kans., Minn., Mo., Nebr., N. Dak., S. Dak.); South Atlantic—(Del., D. C., Fla., Ga., Md., N. Car., S. Car., Va., W. Va.. East South Central—(Ala., Ky., Miss., Tenn.); West South Central—(Ark., La., Okla., Texas); Mountain—(Ariz., Colo., Idaho, Mont., Nev., N. Mex., Utah, Wyo.) Pacific—(Cal., Ore., Wash.).

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as of Mar. 1, 1940 (000's)
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